

SPECIAL MEETING CITY COUNCIL
November 01, 2016



CITY OF LINCOLN

SPECIAL MEETING CITY COUNCIL

November 01, 2016

Spencer Short, Mayor

Peter Gilbert, Mayor Pro Tem

Paul Joiner, Council Member

Stan Nader, Council Member

Gabriel Hydrick, Council Member

AS A COURTESY, PLEASE TURN OFF ALL CELL PHONES & ELECTRONIC DEVICES DURING THE MEETING

WORK STUDY SESSION

4:00 PM

City Hall

First Floor Conference Room

**600 Sixth Street
Lincoln, CA 95648**

- 1. ROLL CALL**
- 2. FLAG SALUTE**
- 3. PUBLIC COMMENT** - Members of the public are entitled to address the City Council on any item NOT scheduled on the posted agenda. If you wish to address Council any item of interest to the public and within the Council's purview, please complete a speaker card (voluntary), located at the back of the room and deliver it to the City Clerk prior to the meeting. When your name is called, stand to be recognized by the Mayor and then make your way to the podium. As with all speakers, time will be limited to three (3) minutes, unless extended by the Mayor. Please note: Comments from the audience WITHOUT coming to the podium will be disregarded or ruled out of order. ALL comments/questions



SPECIAL MEETING CITY COUNCIL
November 01, 2016

should be addressed to the Mayor. In most cases, the City Council is prohibited from discussing or taking action on any item not appearing on the posted agenda.

4. STAFF REPORT - staff report

4.A. General Plan Annual Progress Report

[FINAL GENERAL PLAN APR.pdf](#)

4.B. Nunno Ground Lease - Review Airport Committee recommendations regarding the Nunno Master lease agreement.

[Nunno lease review rev1.pdf](#)

4.C. Bi-annual Zoning Ordinance Amendments (as time permits)

[FINAL ZONING CODE AMENDMENTS.pdf](#)

5. COUNCIL INITIATED BUSINESS

6. ADJOURNMENT - adjournment



**SPECIAL MEETING CITY COUNCIL
November 01, 2016**

NOTE: *Materials related to an item on this Agenda submitted to the Council/Redevelopment Successor Agency after distribution of the agenda packet are available for public inspection in the City Clerk's office at 600 Sixth Street, Lincoln, CA during normal business hours. Such documents are also available on the City of Lincoln's website at <http://www.lincolncalifornia.gov/> subject to staff's availability to post the documents before the meeting.*

In compliance with the American with Disabilities Act, the City will provide special assistance for disabled members of the public. The meeting room is wheelchair accessible and disabled parking is available. If you have a disability and need a disability-related modification or accommodation to participate in the meeting, please contact the City Clerk's Office at (916) 434-2490. As a courtesy, please make every effort to inform the Clerk of your needs at least 24 hours prior to the meeting so the City may make reasonable arrangements to ensure accessibility to this meeting.

Pursuant to applicable laws and regulations, including without limitation, California Government Code Section 65009 and/or California Public Resources Code Section 21177, if you wish to challenge in court any of the above decisions (including any action regarding planning, zoning and/or environmental decisions), you may be limited to raising only those issues you or someone else raised at the public hearing(s) described in this notice/agenda, or in written correspondence delivered to the City at, or prior to, the public hearing.



City Manager's Office

Matthew Brower
City Manager
916-434-2449

matthew.brower@lincolncalifornia.gov

Memorandum

TO: Honorable Mayor Short and City Council Members

FROM: Jim Bermudez, Development Services Manager

DATE: November 1, 2016

SUBJECT: General Plan Annual Progress Report

In February, the Council requested that staff return in the last quarter of the year with a discussion regarding the status of the General Plan and associated implementation measures. Government Code Section 65400 mandates that cities submit an annual report on the status of the General Plan and progress in its implementation to their legislative bodies, the Governor's Office of Planning and Research (OPR) and the Housing and Community Development (HCD) by April 1 of each year.

The Annual Progress Report (APR) provides local legislative bodies with information regarding the implementation of the General Plan for their city or county. APRs must be presented to the local legislative body for its review and acceptance, usually as a consent or discussion item on a regular meeting agenda. Therefore, the APR should provide enough information for decision makers to assess how the General Plan was implemented during the 12-month reporting period - either calendar year or fiscal year.

Staff identified nearly 100 implementation measures that will be included in the final APR. Attached is a brief draft layout of the future APR document which includes all implementation measures and a brief status update.

The objective of the work meeting is to discuss the draft Annual Progress Report implementation measures, including how the City's recent land use decisions relate to adopted goals, policies, and implementation measures of the General Plan. Part of a future discussion will include information to identify necessary "course adjustments" or modifications to the General Plan, and means to improve implementation.

After receiving Council comments and direction, staff intends to provide a refined APR document for Planning Commission and City Council review. This refined document will include prior year buildout figures, housing reporting requirements, and key project achievements over the past year.

Attachment

DRAFT

GENERAL PLAN ANNUAL PROGRESS REPORT

JANUARY 1, 2016 THROUGH DECEMBER 31, 2016

PURPOSE AND CONTENT OF REPORT

Section 65400(b) of the State of California Government Code requires planning agencies to provide an annual report to their legislative body, the Governor's Office of Planning and Research (OPR), and the State Department of Housing and Community Development (HCD) on the status of the General Plan and progress in its implementation. The four basic purposes of the annual report are as follows:

- To provide information to assess progress on implementation of the general plan in accordance with the stated goals, policies and implementation measures.
- Provide information to identify necessary course adjustments or modifications to the general plan as a means to improve implementation.
- To provide a clear correlation between land use decisions made during the reporting period, and the goals, policies and implementation measures in the general plan.
- To provide information regarding local agency progress in meeting its share of regional housing needs and local efforts to remove governmental constraints to the development of housing.

This (future) report covers the period from January 1, 2016 through December 31, 2016, and contains the following sections:

- Assessment of Regional Housing Needs and Efforts to Remove Governmental Constraints – Annual Housing Element Progress Report (only a brief summary of the “Annual Progress Report on Implementation of the Housing Element” is included in this report because the Housing Element is separately addressed every four years.)
- Agency Initiated Planning Applications
- General Plan Amendments
- Priorities for Land Use Decision Making (Financial Implementation of the General Plan)
- Other Projects During the Reporting Period
- Implementation Program Status Review

REGIONAL HOUSING NEEDS

Regional Housing Needs

The Sacramento Area Council of Governments (SACOG) issued its Final Regional Housing Needs Plan in 2012 in which the City was allocated its “fair share” of the region's projected housing needs by household income group over the planning period from January 1, 2013 through December 31, 2021, an 8-year planning period. The following table included in the report provides an assessment of the City's progress toward meeting its allocation through the reporting period of December 31, 2016. (When is the housing element going to be updated?)

AGENCY INITIATED PLANNING APPLICATIONS

The following is a list of projects undertaken by the City toward implementation of policies and actions in the General Plan. Most of the projects involve studies, plan updates or construction of new community facilities that are either complete or in progress.

DRAFT

GENERAL PLAN AMENDMENTS

Agency Initiated:

No General Plan Amendments initiated by the City were approved during the reporting period.

PRIORITIES FOR LAND USE DECISION MAKING (FINANCIAL IMPLEMENTATION OF THE GENERAL PLAN)

The public projects in the General Plan are financed through the City's annual budget and multiyear capital financing plan.

Budget

The budget serves as the City's primary financial document to guide the City Council and staff through the coming fiscal year. It outlines the major priorities and projects that the City will undertake. It reflects staff time for city programs and services, contracts for maintenance and major construction projects, as well as needed materials and supplies.

OTHER PROJECTS DURING THE REPORTING PERIOD

Other projects during this reporting period have been approved that integrate the policies and actions in the General Plan.

- Cal-ISO Building: Two-story 35,800 square foot Data and Operations Facility The project has received Design Review approval and a Conditional Use Permit and is proposed to be construction on 3.3 acres of vacant land. The project site is located at the northeast corner of Business Park Drive, 500 Business Park Drive. The project site is bordered by a developed LLI property to the north, the Markham Ravine and developed LLI property to the east, and vacant LLI property to the south.
- Senior Living at Lincoln: 162,680 square foot Assisted Living and Memory Care facility. The project is proposed to be constructed on 7.13 acres at the southwest corner of East Joiner Parkway and Bella Breeze Drive. The project is proposed to have 114 assisted living units and 80 memory care units.

IMPLEMENTATION PROGRAM STATUS REVIEW

The attached tables summarize the City's efforts in carrying out General Plan implementation programs. The City has made measurable progress toward meeting its extensive implementation programs.

DRAFT

Economic Development Implementation Measures

Implementation Measure		Policy	Responsibility		
				Timeframe	Status
1.0	The City shall establish an Economic Development Vision, which defines the types of desired commercial, office, and industrial land uses it would like to attract and where those land use types should be located.	ED-1.1	City Council Planning Dept. Public Services Dept.	Completed	Economic Development Strategic Action Plan adopted July 2016.
2.0	The City shall develop a sound fiscal model and utilize it on an ongoing basis in order to evaluate the fiscal impacts of new development. [New]	ED-1.2	Planning Dept. Public Services Dept.	Ongoing	A sound fiscal model was developed and implemented to determine fiscal impacts of Villages 1 and 7.
3.0	Based on fiscal analysis, the City shall establish and implement the appropriate fiscal mitigation measures (including but not limited to development fees) on new development in order to improve existing or new public services and utility infrastructure.	ED-1.2	City Council Community Development Dept.	Ongoing	PFE impact fee program.
4.0	The City shall develop a vision for each Specific Plan area.	ED-2.1	City Council Community Development Dept.	Ongoing	Village specific plans have been developed with a unique vision and sound design principles.
5.0	The City shall define the necessary entitlement procedures that facilitate the implementation of developing the Specific Plan areas.	ED-2.1	City Council Community Development Dept.	Ongoing	The Village 1 and 7 Specific Plans have been developed with detailed entitlement procedures.
6.0	The City shall monitor its supply of housing and the housing requirements of employees who work in the City to provide an adequate mix of housing opportunities.	ED-3.3	Community Development Dept.	Ongoing	Housing Element update

DRAFT

Implementation Measure		Policy	Responsibility		
				Timeframe	Status
7.0	The City shall identify target businesses and industries to use in conjunction with the City’s Economic Development Vision in order to focus efforts on attracting businesses to the City.	ED-4.1	City Council Community Development Dept.	Completed	Go to Market Strategy completed December 2013. Since then, staff has identified sustainable manufacturing; warehouse/assemble uses, independent retail (Downtown) and National retail as focus areas for prospect development.
8.0	The City shall cooperate with local business groups on development and support of “Buy in Lincoln” activities. [Modified]	ED-4.1	City Council	In process	Program framework under development in conjunction with EDC, Chamber of Commerce and Downtown Lincoln Association.
9.0	The City shall attract new businesses to the City through educational and promotional campaigns, with an emphasis on attracting small to medium-sized businesses as well as underrepresented businesses and industries.	ED-4.2	Community Development Dept.	Ongoing	Staff has developed and managed 101 active prospects since September 2014 to present. 16 of the prospects have converted to completed locates/expansions.
10.0	The City shall develop and update land availability information for distribution to current and prospective businesses.	ED-4.3	Community Development Dept.	Ongoing	Current list on City’s website, updated every 6 months.
11.0	The City shall collect and disseminate market, economic, social, demographic, and traffic data related to the retail sector to prospective investors, developers, consumers, retailers, and public agencies.	ED-4.5	Community Development Dept.	Ongoing	Current information on City’s website. It is distributed to target audience through economic development activities.
	The City shall create an Airport Marketing Plan that includes marketing collateral promoting the Lincoln Airport.	ED-5.1	Community Development Dept.	In process	Strategic plan underway. 2016 airport assessment recommends that marketing and branding be undertaken in the longer term after operational issues and priorities have been addressed.
13.0	The City shall establish a list of non-aviation-related services that would complement aviation-related businesses near the airport.	ED-5.1	Community Development Dept.	Incomplete	
14.0	The City shall seek to secure a major aviation consumer that would act as an anchor to draw other aviation industry businesses.	ED-5.1	City Council Community Development Dept.	In process	Prospects are being developed and staff is currently actively pursuing potential major aviation customers.

DRAFT

Implementation Measure		Policy	Responsibility		
				Timeframe	Status
15.0	The City shall create a Downtown Redevelopment Strategy which identifies a set of strategies for revitalizing and promoting downtown as the City’s major social and recreational center.	ED-6.1	City Council Community Development Dept.	Completed	Greuen & Greuen repost completed in 2010
16.0	The City shall establish an historical theme for Lincoln incorporating design standards similar to Gladding McBean and Company and/or the railroad.	ED-6.1	Community Development Dept.	Incomplete	
17.0	The City shall, in conjunction with an incentive-based program, remove blight in the downtown area, including: old signs; billboards; shacks; structures no longer in use or beyond repair; and overhead power lines.	ED-6.1	Community Development Dept.	In progress	Beermann Alley Rule 20A project in process.
18.0	The City shall build a downtown plaza on the recently-acquired Gates and Fowler properties.	ED-6.1	Community Development Dept.	Completed	Beermann Plaza completed.
19.0	The City shall maintain their administrative offices (e.g., city council, city administration, city clerk, etc.) within downtown Lincoln.	ED-6.1	City Council	Completed	City Hall located at 600 Sixth Street.
20.0	The City shall enter into a working agreement with the present owners of Gladding McBean and Company to develop the historically-designated landmark of Gladding McBean and Company as a cornerstone of downtown Lincoln’s redevelopment.	ED-6.1	City Council Community Development Dept.	Incomplete	

DRAFT

Land Use and Community Design Implementation Measures

Implementation Measure		Policy	Responsibility		
				Timeframe	Status
1.0	The City shall develop an inventory of available vacant sites that have potential for infill development.	LU-1.5	Community Development Dept.	Ongoing	Inventory of sites requires technological and resources that are not currently planned into the City's budget. It is anticipated with the hiring of GIS analyst that this task can be completed sometime in 2017.
2.0	The City shall develop zoning incentives to encourage innovative design in both infill and newly developing areas that optimizes the use of vacant land through flexible development standards, shared parking, landscaping, and site amenities.	LU-2.8, 3.7, 4.4	City Council Planning Commission Community Development Dept.	Partially Complete	The City provides flexible development standards such as density bonuses for sites integrating affordable housing. Parking reductions are permitted in-lieu and reductions are also permitted for affordable units.
3.0	The City shall develop zoning incentives that encourage mixed use redevelopment in the downtown area through the reuse of existing buildings.	LU-1.1, 1.2	City Council Planning Commission Community Development Dept.	Incomplete	Staff is evaluating incentives and exploring greater emphasis of the downtown design guidelines and potentially Form Base Codes to incentivize development in the downtown.
4.0	The City shall review and amend, as necessary, applicable ordinances and regulations to ensure consistency with the General Plan. These shall include the following: <ul style="list-style-type: none"> • Zoning Ordinance • Subdivision Ordinance • Development Standards 	LU-6.1, 6.2	Community Development Dept.	In-progress	Staff is seeking zoning ordinance amendments to ensure consistency with the General Plan which includes modifications to various development standards that are consistent with current policy.

DRAFT

Implementation Measure		Policy	Responsibility		
				Timeframe	Status
5.0	The City shall implement the provisions of this General Plan through its ongoing project review process.	LU-8.2	City Council Planning Commission Community Development Dept.	Continuous	The City continues a project review process with all applicants and future applicants. Staff routinely meets with all applicants that are seeking a development project.
6.0	The Planning Commission shall review the General Plan annually, focusing principally on actions undertaken in the previous year to carry out the implementation programs of the Plan. The Planning Commission's report to the City Council shall include, as the Planning Commission deems appropriate, recommendations for amendments to the General Plan.	LU-8.2	City Council Planning Commission Community Development Dept.	Ongoing	The Annual Progress Report will be scheduled for City Council and Planning Commission review.
7.0	The City shall conduct a major review of the General Plan, including the General Plan Policy Document and Background Report, every five years and revise it as deemed necessary.	LU-8.4	City Council Planning Commission Community Development Dept.	In Progress	The Annual Progress Report will provide an opportunity of Council and Planning Commission to evaluate and determine if General Plan polices need further refinement and/or no longer consistent with the vision and direction of the City.
8.0	The City shall investigate and implement, as appropriate, mechanisms to be used for funding the five-year update of the General Plan.	LU-8.4	City Manager's Office	Incomplete	

Transportation and Circulation Implementation Measures

Implementation Measure		Policy	Responsibility		
				Timeframe	Status
1.0	The City shall develop Transportation Impact Guidelines for all traffic impact studies. The guidelines shall address the evaluation of impacts on traffic, transit, bikeways and pedestrians.	T-2.2	Community Development Dept.	Ongoing	Guidelines established with each Specific Plan.
2.0	The City shall prepare a Capital Improvement Program (CIP) based on a 20-year forecast of development under the General Plan that meets its LOS policies. The CIP shall be updated every five years or after any substantial amendment to the General Plan.	T-2.3, 2.4 2.19	Community Development Dept. Engineering Dept.	In-Progress	Current PFE adopted in 2012. Updated PFE anticipated to be complete by June 2017.
3.0	The CIP shall have a phasing element including identification of short-term (5 year) improvements. The City shall monitor critical intersections and update the CIP and phasing element every five years.	T-2.5	Engineering Dept.	Ongoing	Updated with Annual Capital Improvement Budget.
4.0	The City shall maintain a long-term development scenario in the Placer County Transportation Demand Model, with assumptions that are consistent with the development of the CIP. This scenario shall be regularly updated to reflect adopted development and roadway projects and used in traffic studies to evaluate cumulative impacts of development projects.	T-2.2 T-2.19	Community Development Dept.	Ongoing	Completed with every development environmental document.
5.0	The City shall maintain a traffic count book with count data from the CIP and traffic impact studies and collect a comprehensive set of citywide counts with each update to the CIP.	T-2.2 T-2.5	Engineering Dept.	Ongoing	Collection of data continues with each project as appropriate, and as special needs arise.

DRAFT

Implementation Measure		Policy	Responsibility		
				Timeframe	Status
6.0	Construct second through lanes on the northbound and southbound approaches and a second left turn lane to the westbound approach to improve the intersection of Fiddymment Road and Athens Road to LOS B (V/C 0.62).	T-2.3	Community Development Dept. Engineering Dept.	Unknown	Implementation triggered by development of western villages and associated traffic impacts.
7.0	Construct second through lane on both the northbound and southbound approaches to improve the intersection of Industrial Avenue and Athens Road to LOS C (V/C 07.5).	T-2.3	Community Development Dept. Engineering Dept.	Unknown	Implementation triggered by development of Lincoln 270.
8.0	The City shall update its Traffic Impact Fees along with each CIP update to provide funding for the CIP project list. The fees shall also be updated annually based on a construction cost index.	T-2.10 T-2.11	Engineering Dept. Administrative Support Services Dept.	Ongoing	Update of all PFE, including Traffic, is anticipated to be completed by the end of FY 16/17
9.0	The City shall preserve roadway Right-of-Way adequate to accommodate long-term development levels (i.e. the residential build-out scenario used to evaluate the General Plan).	T-2.15	Community Development Dept.	Ongoing	Necessary right of way for ultimate build out of General Plan roadways is identified on the appropriate Tentative Maps and secured with Final Maps.
10.0	The City shall maintain and periodically update a schedule for retiming and/or synchronizing traffic signals along the City’s arterial streets.	T-2.16	Public Services Dept.	Ongoing	Performed on informal basis through the monthly service contract.
11.0	The City shall include the construction of an above-grade crossing of the Union Pacific Railroad tracks along Lincoln Blvd in the Capital Improvements Program.	T-2.18	Engineering Department	Unknown	A grade separated crossing of railroad is programmed in PFE as a part of Gladding Pkwy. Implementation triggered by cumulative traffic impacts.
12.0	The City shall update its Bikeway Master Plan at least every 7 years.	T-5.1 T-5.2 T-5.7	Engineering Department	FY 17/18	The Bikeway Master Plan was last updated in June 2012. The next update will commence in July 2017.
13.0	The City shall conduct a study to investigate the feasibility of providing airline shuttle service at the Lincoln Regional Airport. The shuttle would serve small groups for business travel purposes.	T-6.1	Public Services	Unknown	Evaluated but not implemented. Currently there is not enough passengers to support that type of service.

DRAFT

Public Facilities and Services Implementation Measures

Implementation Measure		Policy	Responsibility	Timeframe	Status
1.0	The City shall seek grant funding for the extension of reclaimed waterlines.	PFS-3.5	Public Services Dept. Engineering Dept.	Ongoing	<p>The Phase 1 Reclamation project was supported by Proposition 50, Integrated Regional Water Management Grant Program and local matching funds. A grant amount of \$770,000 was procured towards the total construction project cost of \$2.188 million dollars for the construction of:</p> <ul style="list-style-type: none"> • 2,200 LF of new 12-inch pipe; • 4,500 LF of new 18-inch pipe; • Conversion of 18,300 LF of 18-inch and 12-inch of existing sewer for reclaimed use; • Addition of two vertical turbine pumps • New 10,000 gallon surge tank • Interconnections to convert existing infrastructure into a functioning reclaimed water transmission system. <p>The City is preparing for use of reclaimed water irrigation at Foskett Regional Park and landscape medians along Joiner Parkway. The City will continue to explore funding opportunities to continue the expansion of the reclaimed water system.</p>
2.0	The City shall prepare a City Drainage Management Plan that will provide for and coordinate the use of detention/retention basins to limit outflow to 90% of pre-project conditions for the 100-year and smaller year events. The Drainage Management Plan shall be completed prior to the construction or revision of a major hydrologic facility.	PFS-4.1	Community Development Dept.	Completed	Implementation of State mandated MS4-Phase 2 guidelines and West Placer Storm Water Quality Design Manual require more than Implementation Measure.
3.0	The City shall incorporate low impact development (LID) alternatives for stormwater quality control into development requirements. LID alternatives may include, but are not limited to, the following: (1) conserving natural areas and reducing imperviousness, (2) runoff storage, (3) hydro-modification (to mimic pre-development runoff volume and flow rate), and (4) public education.	PFS-4.1 PFS-4.2	Community Development	Ongoing	Part of entitlement review.

DRAFT

Implementation Measure		Policy	Responsibility		
				Timeframe	Status
4.0	The City shall actively participate in appropriate forums designed to discuss and solve regional water supply and water quality issues.	PFS-4.5	Community Development Dept. Public Services Dept. Engineering Dept.	Ongoing	Participation and coordination with NID, PCWA, RWA and GSA
5.0	The City shall prepare guidelines to promote “green” building techniques such as recycling of construction debris.	PFS-5.3	Community Development Dept.	Ongoing	Included in project Conditions of Approval.
	The City will update its plans for fire and police protection services to include the proposed locations of fire and police stations based on future development trends.	PFS-8.1 PFS-8.2	Fire Dept. Police Dept. Planning Dept.	Ongoing	Discussion with the Village 5 development has identified a future location.
7.0	As part of the project review process, developments must demonstrate appropriate security design features in their projects, such as increased lighting, low-level landscaping and easily identifiable access.	PFS-8.9	Police Dept.	Ongoing	All projects include safety design features.
8.0	The City shall locate new K-6 schools within reasonable walking distances from residential neighborhoods.	PFS-9.1 PFS-9.2	Planning Dept.	Ongoing	School siting is a collaborative effort with the school district, City staff, and development community work together to achieve this goal.
9.0	The City shall encourage the school district to locate new K-6 schools on streets meeting the City’s LOS standards.	PFS-9.1 PFS-9.2	Planning Dept.	Ongoing	School siting is a collaborative effort with the school district, City staff, and development community work together to achieve this goal.
10.0	The City shall encourage the school district to locate new K-6 schools where public services such as parks, recreation, and public transportation are available.	PFS-9.1 PFS-9.2	Planning Dept. Public Services Dept.	Ongoing	School siting is a collaborative effort with the school district, City staff, and development community work together to achieve this goal.
11.0	Wherever possible, the City shall locate school facilities adjacent to other City recreational facilities, to maximize joint use of school buildings, City parks and playgrounds.	PFS-9.1 PFS-9.2	Planning Dept.	Ongoing	School siting is a collaborative effort with the school district, City staff, and development community work together to achieve this goal.

DRAFT

Open Space and Conservation Implementation Measures

Implementation Measure		Policy	Responsibility		
				Timeframe	Status
	The City shall adopt specific criteria for the protection of natural and cultural resources as part of the City's environmental review process. This will include standards for determining environmental significance.	OSC-1.1 OSC-1.2	Community Development Dept.	Incomplete	Natural and cultural resources are analyzed within each specific plan and new development to meet compliance with state and regional regulations. The City has yet to adopt specific criteria
2.0	The City shall investigate the establishment of a land trust for open space lands and consider opportunities for acquiring natural habitat and agricultural areas for permanent open space and natural parks.	OSC-1.1 OSC-1.2 OSC-5.3 OSC-5.6 OSC-5.9	Community Development Dept.	Incomplete	
3.0	The City shall establish a mitigation fee for habitat preservation and replacement. Within the Village Areas, the inclusion of the 40 percent open space could provide adequate mitigation for habitat.	OSC-1.1 OSC-1.2 OSC-5.3 OSC-5.6 OSC-5.9	Community Development Dept.	Ongoing	PCCP/HCP participant will establish mitigation protocols and in-lieu procedures to retain open space areas, meeting compliance with City policies.
4.0	The City shall adopt a tree preservation ordinance to protect healthy landmark or historic trees from removal.	OSC-5.1	Community Development Dept.	Incomplete	An ordinance has yet to be developed that would identify landmark trees, including development of protocols for the removal of historic trees.
5.0	The City shall adopt construction standards for the protection of cultural and historic resources in the City	OSC-6.1 OSC-6.2 OSC-6.3 OSC-6.4 OSC-6.5 OSC-6.6 OSC-6.7	Community Development Dept.	Incomplete	Construction standards are analyzed within each specific plan and new development to meet compliance with state and regional regulations. The City has yet to adopt specific criteria but protocols are implemented for all new development projects.
6.0	The City shall adopt standards for monitoring of mitigation measures established for protection of archeological resources prior to development.	OSC-6.5 OSC-6.7	Community Development Dept.	Incomplete	Archeological resources are analyzed within each specific plan and new development to meet compliance with state requirements. The City has yet to adopt standards for monitoring archeological resources.

DRAFT

Implementation Measure		Policy	Responsibility		
				Timeframe	Status
7.0	The City shall adopt a right-to-farm ordinance to protect agricultural operations immediately adjacent to the City from complaints from new urban development.	OSC-2.1 OSC-2.2	Community Development Dept.	Ongoing	As each remaining specific plan is processed, staff plans to develop an agriculture overlay zone.

Health and Safety Implementation Measures

Implementation Measure		Policy	Responsibility		
				Timeframe	Status
1.0	The City shall amend the Zoning Ordinance to prohibit development on areas containing a slope of 30% or greater.	HS-2.2	Planning Dept.	Incomplete	Slopes and geologic conditions are analyzed on a case by case basis when evaluating all projects, including commercial and residential projects. The City has yet to adopt regulations.
2.0	The City will adopt guidelines and procedures for evaluating and mitigating geologic hazards (e.g., liquefaction and expansive soils) in the review and approval of both public and private projects.	HS-2.3	Public Services Dept. Planning Dept.	Incomplete	Geologic materials are analyzed within each specific plan to meet compliance with state regulations. The City has yet to adopt local regulations.
3.0	The City shall encourage lowest emission technology buses in public transit fleets.	HS-3.1 HS-3.3	Public Services	Non-Applicable	The City no longer has a bus fleet. Ownership was transferred to the County per agreement between the City and the County in which the County provides transit services within the City of Lincoln.
4.0	The City shall replace City fleet vehicles with low-emission technology vehicles, wherever possible.	HS-3.16	City Council City Manager's Office	Ongoing	The City purchases vehicles that comply with California's emission standards.
5.0	The City shall encourage the continued use of neighborhood electric vehicles.	HS-3.17 HS-3.18	Community Development Dept.	Ongoing	Development entitlement projects are planned to ensure compliance with the City's NEV Master Planning policies.
6.0	The City shall develop siting and enforcement criteria for businesses that use and produce hazardous materials and wastes. The criteria shall be adopted as a provision in the City's Zoning Ordinance.	HS-5.1 HS-5.2 HS-5.6	Planning Dept.	Incomplete	Hazardous materials and waste are analyzed within each specific plan to meet compliance with state regulations. The City has yet to adopt local regulations.

DRAFT

Implementation Measure		Policy	Responsibility		
				Timeframe	Status
7.0	The City shall develop a household hazardous waste dropoff and transfer program. This program should include a biannual collection of hazardous materials.	HS-5.8 HS-5.9	Community Development Dept.	Ongoing	Currently the City collects the following household hazardous waste materials: FOG and electronic waste. The City also collects other forms at the Annual Spring Cleanup.
8.0	The City shall adopt uniform urban and wildland fire management plan standards.	HS-7.3	Fire Dept. Police Dept. Planning Dept.	Ongoing	Community Development (Planning Department) and the Fire Department work collaboratively to adopt the current Building and Fire Codes to reduce fire risk. New developments are required to provide project specific wildland fire management plans.
9.0	The City shall review and update the Emergency Response Plan a minimum of every 5 years.	HS-9.1	Fire Dept. Police Dept.	Incomplete	During the economic downturn 2005-16, there was no available staff in the Fire Department to complete this task. Completion of this task will be a priority after the funding of additional required personnel.
10.0	The City will prepare guidelines for developers for reducing potential noise impacts (including construction-related noise impacts) on surrounding land uses.	HS-8.2 HS-8.8 HS-8.9 HS-8.10	Community Development Dept.	Incomplete	Staff is researching development thresholds and intends to solicit feedback with the Council and Planning Commission on appropriate and reasonable noise standards.
11.0	The City shall create and periodically update an emergency management plan for the evacuation of people in areas at risk for flooding.	HS-9.1	Fire Dept. Public Works Dept. Planning Dept.	Incomplete	There has been no available staffing in the Fire Department budget to complete this task. Completion of this task will be a priority after the funding of additional required personnel.
12.0	The City shall develop and implement a program for training staff in disaster preparedness and response.	HS-9.3	Fire Dept. Police Dept.	Completed	The City of Lincoln provided SEMS & NIMS Training and ICS 700 & 800 training to all relevant city personnel. Fire Department Personnel are trained in this area on an ongoing basis. This task has not been completed for newly hired city personnel.

DRAFT

Housing Implementation Measures

Implementation Measure		Policy	Responsibility		
				Timeframe	Status
1.1	<p>Village 1: The City adopted the Specific Plan, General Development Plan, and Environmental Impact Report in 2012. The adoption of the General Development Plan effectively “prezoned” the project area. The City is working with the applicant on the annexation application; however, progress has been delayed due to pending litigation on the project involving the developer and school district. Following the decision on the current litigation, the City will continue to work with the developer on the annexation application.</p> <p>Village 7: The City adopted the Specific Plan, General Development Plan, and Environmental Impact Report for Village 7 in 2010. The adoption of the General Development Plan effectively “prezoned” the project area. The annexation application was submitted to the Local Agency Formation Commission in February 2012 and is still pending due to a lack of agreement between the City and Placer County on the tax revenue-sharing agreement. The City is continuing to work toward an agreement with Placer County.</p>	H-1	Development Services Department, Planning Commission, City Council, County of Placer, and the Local Agency Formation Commission	Pending litigation and annexation development on these sites remains viable through the 2021 planning period.	Village 7 was annexed in March 2014; Village 1 was annexed on August 15, 2016; and Village 5 is in the planning entitlement phase, with anticipated annexation in mid-2017.
2.1	Continue to permit Planned Development District zoning that promotes a variety of housing types in the city through the utilization of innovative development techniques and flexible standards, such as: zero lot lines, clustering of dwelling units, narrower streets, increased densities, and fewer dedication requirements.	H-2	Development Services Department	Ongoing	The City has not entitled any Planned Development District projects in 2016, but will continue to approve them as applications are received.
2.2	Continue biannual review of the building code, zoning ordinance, subdivision ordinance, and processing procedures to identify and modify process requirements, approval of criteria, and/or fees that could create an impediment to the cost of housing.	H-2	Development Services Department	Ongoing	The City is in the process of adopting the new 2013 Building Code. The City has evaluated new processes and implemented administrative procedures to assist with timely building permit review and issuance. The City has not yet

DRAFT

Implementation Measure		Policy	Responsibility		
				Timeframe	Status
					updated the Subdivision Ordinance.
2.3	Continue to allow and promote the use of density bonuses to provide affordable housing (Lincoln Municipal Code Section 18.59).	H-2	Development Services Department	Ongoing	The City has continued to allow and promote the use of density bonuses for affordable housing projects, but has not received any requests in 2016.
2.4	Continue to allow for the development of second dwelling units in residential districts in accordance with Section 65852.2 of the California Government Code.	H-2	Development Services Department	Ongoing	The City continues to allow the development of second dwelling units in residential districts, but has not received any applications in 2016.
2.5	Continue to allow mobile home parks as a permitted use in the City's Multiple Residential (R-3) Districts.	H-2	Development Services Department, Planning Commission, and City Council	Ongoing	The City continues to allow mobile home parks as a permitted use in the Multiple Residential (R-3) district, but no new mobile home parks have been approved in 2016.
2.6	<p>Facilitate the development of market-rate rental housing through the following:</p> <ul style="list-style-type: none"> Regulatory incentives, such as expediting permit processing, deferred fees, and/or reduced parking requirements based on the bedroom mix of the project. Provide a 35 percent density bonus when at least 20 percent of the units are affordable to low-income households or 10 percent of the units are affordable to very low-income households. <p>The City publicizes the above incentives for market-rate housing to developers and/or other interested parties by providing informational fliers at the Development Services Department's counter and in the general development application packet.</p>	H-2	Development Services Department	Ongoing	There have not been any market-rate rental housing projects developed in 2016. Although the City has not publicized the density bonus program through informational fliers, the development community is aware of state and local provisions and incentives.

DRAFT

Implementation Measure		Policy	Responsibility		
				Timeframe	Status
2.7	Continue to allow for the location of single-room occupancy uses as a conditional use in Multiple Residential (R-3) districts to provide additional housing opportunities for extremely low-income households.	H-2	Development Services Department, Planning Commission, and City Council	Ongoing	The City continues to allow single-room occupancy (SRO) uses in Multiple Residential (R-3) districts. No SROs have been developed in 2016.
2.8	Encourage and facilitate the development of housing affordable to lower-income households in Village 1 and Village 7 through incentives, such as: <ul style="list-style-type: none"> • Deferred development fees; • Reduced parking requirements; • Expedited application review and processing; and • Technical assistance with grant, loan, and tax credit applications. 	H-2	Development Services Department and City Council	Ongoing	The City continues to encourage the development of housing affordable to lower-income households in Village 1 and Village 7 by offering expedited review, and technical assistance, but has not received any applications in 2016.
3.1	Continue to enforce the energy conservation requirements of the state building code standards (Title 24 of the California Code of Regulations), and continue to require 15-gallon shade trees in all new residential developments (Subdivision Ordinance, Section 17.40.070 (F)).	H-3	Development Services Department, Planning Commission, and City Council	Ongoing	The City is committed to continually enforcing Title 24 standards and local shade tree requirements and has provided relief through lower-income programs through PG&E, MPower, and Project Go.
3.2	The City shall continue to strive for greater energy conservation in residential development through the following actions. <ul style="list-style-type: none"> • The City will continue to provide information to all residents regarding available home rehabilitation programs, and increase public awareness of self-help and rehabilitation programs through outreach efforts. • The City will continue to complete the Green Building Program encouraging new residential development and rehabilitation projects to incorporate sustainable building design and siting, construction, and operation. • The City promotes the reduction of energy consumption through the implementation of the Neighborhood Electric Vehicle Plan, 	H-3	Development Services Department, Planning Commission, and City Council	Ongoing	The City promotes energy conservation in residential development through enforcement of the Title 24 standards using the CALGreen Checklist.

DRAFT

Implementation Measure		Policy	Responsibility		
				Timeframe	Status
	<p>the Golf Cart Transportation Plan (use of electric golf carts), and incorporation of bicycle lanes throughout the city.</p> <ul style="list-style-type: none"> The City further requires the use of recycled water for new large residential and commercial landscaping projects, as a funding participant for mandatory recycling through the Western Placer Waste Management Authority. <p>Additionally, given the rural character of the City of Lincoln, limiting trips between commercial and residential land uses is more practical than developing transit-oriented developments which require densities of over 40 dwelling units per acre and multi-story buildings. Rather, the City's General Plan includes a mixed-use land use designation: "The purpose of this designation is to provide for a mixed use commercial core that is applicable to the City's Downtown and for the Village Center areas. This land use category provides for creative infill projects that include the functional integration of retail or service commercial, professional office, or recreational uses with residential units. This category allows for both vertical (different uses stacked above one another) and horizontal (different ground level uses on a single parcel) mixed use opportunities."</p> <p>The General Plan also includes a number of policies addressing public transit, regional transit, and the requirement that "new employment-generating, large-scale commercial, office, and residential development be adequately served by transit."</p>				
4.1	<p>The City will annually continue to apply for HOME and CDBG funds for the City's Owner-Occupied Housing Rehabilitation Program. Due to several unsuccessful applications this program is not currently available. These grants would potentially be available for all extremely low-, very low- and low-income owner households and rental property owners with extremely low-, very low-, and low-income tenants, seniors, and persons with disabilities.</p> <p>As funding becomes available, eligible repairs include (listed by</p>	H-4	City of Lincoln Housing Coordinator	Ongoing	The City did not apply for new CDBG, CalHOME, or HOME funds in 2016, but has two open grants from these sources. The City has a \$100,000 CDBG grant intended for the planning involved in the E. 9th Street infrastructure project. The planning portion of this project has been completed, and \$500,000 of

DRAFT

Implementation Measure		Policy	Responsibility		
				Timeframe	Status
	<p>priority): health and safety repairs, energy conservation, repairs that extend the useful life of the property, and converting to current Uniform Building Code standards.</p> <p>When funds become available, interested homeowners and other applicable parties can acquire information about this program through fliers at the Development Services Department's counter, the City's website (www.ci.lincoln.ca.us), and on the local community access television channel.</p> <p>The code enforcement efforts identified in Action 5.1 will be used to assist in the identification of needed repairs as part of the City's Owner-Occupied Housing Rehabilitation Program.</p>				CDBG Program income will be utilized in the actual construction of improvements. The City has a \$1 million CalHOME grant intended to assist first-time homebuyers. These funds have assisted two households through October 2016 and are anticipated to assist two more through the end of 2016.
4.2	Refer Lincoln residents to agencies that provide home repair services and/or energy retrofit programs in Placer County, such as Project Go, Inc. Informational fliers on agencies that provide home repairs and/or energy retrofit programs can be obtained at the Development Services Department counter.	H-4	City of Lincoln Housing Coordinator	Ongoing	The City continues to provide information regarding the MPower Program, Project Go, Inc. and PG&E energy retrofit programs, and maintains the brochure case to feature information regarding these and other useful programs.
5.1	Continue the City's building code enforcement program for residential housing units. The City's full-time code enforcement officer manages code enforcement activities on a case-by-case complaint basis. The owners of residential housing units identified as needing code enforcement actions shall also be provided with information on the City's various housing programs including funding sources from CDBG and HOME.	H-5	Development Services Department	Ongoing	The City continues to enforce building code standards, track violations, revise policies as needed, and provide information about available rehabilitation and improvement programs to owners. The City has received 325 formal code enforcement complaints in 2016 to date.
5.2	City will contact property owners of units at risk of converting to market-rate housing within one year of affordability expiration to	H-5	City of Lincoln Housing Coordinator	Ongoing	As of 2016, there are no projects at risk of converting to market rate.

DRAFT

Implementation Measure		Policy	Responsibility		
				Timeframe	Status
	discuss the City's desire to preserve complexes as affordable housing. Participation from agencies interested in purchasing and/or managing at-risk units will be sought. Property owners are required to give a nine-month notice of their intent to opt out of low-income use restrictions. The City will work with tenants to provide education regarding tenant rights and conversion procedures pursuant to California law. The City will contact the Placer County Housing Authority and the cities of Roseville and Rocklin to coordinate resources and seek expertise in the preservation of these units. The City shall contact Legal Services of Northern California and the Lincoln Lighthouse Counseling and Resource Center to assist renters.				
6.1	Continue to require the payment of impact fees and/or other mitigation standards as required by state law from the construction of new developments for needed facilities, services, and utilities, and infrastructure improvements, such as water/sewer, roads, solid waste, and schools. The City shall annually review the City's fee structure and make recommendations for any needed fee changes.	H-6	Development Services Department, City Council, Western Placer Unified School District	Ongoing	The City is in the process of reviewing its fee structure, but has made no changes at this time.
7.1	Facilitate the construction of affordable rental housing for extremely low-, very low-, and low-income seniors. The following types of senior housing are needed in Lincoln: <ul style="list-style-type: none"> Rental housing affordable to persons earning up to 80 percent of Placer County's median income. "Continuum of care" housing that provides a range of on-site services including independent living, assisted living, and institutional care. Market-rate senior rental housing. The City will provide assistance through the following financial and regulatory incentives: Regulatory incentives, such as expediting permit processing, deferred fees, and/or parking requirements based on the bedroom mix of the project. 	H-7	Development Services Department	Ongoing	The City has not received any applications for affordable senior housing in 2016, but is prepared to provide assistance as applications are received.

DRAFT

Implementation Measure		Policy	Responsibility		
				Timeframe	Status
	<ul style="list-style-type: none"> A 35 percent density bonus when at least 20 percent of the units are affordable to low-income households or 10 percent of the units are affordable to very low-income households. Accessing State and/or federal subsidies or tax credit programs for new construction. 				
8.1	<p>Facilitate the construction of subsidized rental housing affordable to extremely low-, very low-, and low-income persons that meet the physical and supportive service needs of persons with disabilities, as well as developmental disabilities, such as:</p> <ul style="list-style-type: none"> Handicapped accessibility. On-site supportive services and/or daily living assistance. Transportation. <p>The City publicizes financial and regulatory incentive opportunities to developers and/or other parties interested in the construction of subsidized rental housing that meets the needs of persons with disabilities by providing informational fliers at the Development Services Department and in all general development application packets.</p>	H-8	Development Services Department	Ongoing	<p>The City has not received any applications for the construction of affordable rental housing for persons with disabilities in 2016.</p> <p>The City has not provided informational fliers in general development application packets but plans to work with the Building Official to do so by the start of fiscal year 2017/2018.</p>
8.2	<p>As provided for in Chapter 18.47 of the Municipal Code, the City has a formal procedure for reasonable accommodation for housing for persons with disabilities in accordance with fair housing and disability laws. These procedures include provisions for clear rules that allow for a ministerial review process and identify who may request a reasonable accommodation (e.g., persons with disabilities, family members, landlords), time frames for decision-making, and provision for relief from the various land use, zoning, or building regulations that may constrain the housing for persons of disabilities.</p>	H-8	Development Services Department, Planning Commission, and City Council	Ongoing	<p>The City continues to enforce Chapter 18.47 of the Municipal Code in order to provide reasonable accommodation for housing for persons with disabilities.</p>
9.1	<p>Facilitate the construction of housing that includes three- and four-bedroom units affordable to extremely low-, very low-, and low-income families.</p>	H-9	Development Services Department and Redevelopment	Ongoing	<p>The City has not received any applications for the construction of affordable housing that includes</p>

DRAFT

Implementation Measure		Policy	Responsibility		
				Timeframe	Status
	The City publicizes financial and regulatory incentive opportunities to developers and/or other parties interested in the construction of housing that includes three- and four-bedroom affordable units by providing informational fliers at the Development Services Department and in all general development application packets.		Agency		three- and four-bedroom units in 2016, but once a project comes forward will help facilitate the process. The City has not provided informational fliers in general development application packets, but plans to work with the Building Official to do so by the start of fiscal year 2017/2018.
10.1	Continue to support female-headed households in the city with the permitting of child day-care facilities as outlined in Chapter 18.61 of the Municipal Code.	H-10	Development Services Department	Ongoing	Child-care facilities are permitted uses, as outlined in Chapter 18.61 of the Municipal Code.
11.1	Continue to implement the City's First-Time Homebuyer Program. This program is designed to provide second mortgages that act as "gap" financing, meaning the second mortgage is making up the cost difference between what the buyer can afford for a first mortgage and the price of a home. The second mortgage is a "silent" second (i.e., payments are deferred with a low interest rate until an agreed-upon time period ends or the home is sold). Eligible participants must have an annual gross income at or below 80 percent of the Placer County median income, adjusted for family size, as defined by the Department of Housing and Urban Development. This program is available citywide and eligible properties include newly constructed or existing single-family detached housing, condominiums, and mobile homes placed on permanent foundations. The City has established the following three main sources for advertising the First-Time Homebuyer Program under an affirmative fair housing marketing plan:	H-11	Development Services Department and City of Lincoln Housing Coordinator	Ongoing	The City continues to implement the First-Time Homebuyer Assistance Program using an open CalHOME grant. Two homebuyers have been assisted through October 2016, and two more are anticipated to be assisted through the end of 2016.

DRAFT

Implementation Measure		Policy	Responsibility		
				Timeframe	Status
	<ol style="list-style-type: none"> 1) Publish ads in the home or real estate sections of the City's newspaper offering free homebuyer seminars. 2) Distribute Spanish and English language fliers to local community resource agencies and community groups working with minority and low-income households. 3) Educate local real estate agents and lenders about the program and provide first-time homebuyer seminars for those who qualify through the City's first-time homebuyer consultant. 				
12.1	Amend the Zoning Ordinance to clarify that transitional and supportive housing are permitted as a residential use and only subject to those restrictions that apply to other residential uses of the same type in the same zone without undue special regulatory requirements.	H-12	Development Services Department, Planning Commission, and City Council	Completed	Transitional and supportive housing types are permitted consistent with Government Code Section 65583(a)(5)).
12.2	Continue to allow for the development of emergency shelters by right in the City's Light Industrial (LI) Zone District without any discretionary action. Sufficient land is available for at least one emergency shelter and objective standards will be drafted to regulate emergency shelters as provided for under Senate Bill 2.	H-12	Development Services Department, Planning Commission, and City Council	Ongoing	Emergency shelters are permitted in the Light Industrial zone, as outlined in Chapter 18.26 of the Municipal Code.
13.1	The Development Services Department shall refer fair housing complaints to the District Office of Fair Employment Housing and Legal Services of Northern California. The City shall continue to distribute fair housing brochures and booklets indicating what the fair housing laws are and where advice, assistance, and enforcement activities can be obtained. The City shall provide this information to any person who feels they have been discriminated against in acquiring housing within the city and to any housing provider who requests such information.	H-13	Development Services Department	Ongoing	The City did not received any fair housing complaints in 2016.
14.2	To ensure adequate sites are available throughout the planning period to meet the City's RHNA, the City will continue to annually update an inventory that details the amount, type, and size of vacant and underutilized parcels to assist developers in identifying land suitable	H-14	Development Services Department and City Council	Annually monitor - Ongoing	Although the City has not yet developed a formal project-by-project evaluation procedure, the City continues to monitor the

DRAFT

Implementation Measure		Policy	Responsibility		
				Timeframe	Status
	<p>for residential development and that also details the number of extremely low-, very low-, low-, and moderate-income units constructed annually. If the inventory indicates a shortage of available sites, the City shall rezone sufficient sites to accommodate the City's RHNA.</p> <p>To ensure sufficient residential capacity is maintained to accommodate the RHNA need, the City will develop and implement a formal ongoing (project-by-project) evaluation procedure pursuant to Government Code Section 65863. Should an approval of development result in a reduction of capacity below the residential capacity needed to accommodate the remaining need for lower-income households, the City will identify and zone sufficient sites to accommodate the shortfall.</p> <p>Villages 1 and 7 represent important opportunities for higher density sites. As part of the inventory monitoring, the City will specifically review progress in annexing these areas annually. If within three years into the planning cycle annexations have not occurred, the City will address any shortfall in available sites that may result from delays in the annexation process within the requirement of GC 65583.2 (h & i).</p> <p>The City will report its progress to HCD on an annual basis in its annual reports, pursuant to Government Code Section 65400.</p>				<p>housing sites inventory informally. The City approved one project, Sorrento Village 10, a 5.8 acre project located at the intersection of Sorrento Parkway and Ferrari Ranch Road. This site is located within the previously approved Aitken Ranch/Sorrento project. The site is currently zoned for High Density Residential development which allows 75 to 116 dwellings and is proposed to be changed to Medium Density Residential and would include 39 single family homes. Proposed actions associated with this project include: General Plan Amendment; Zoning Amendment; General Development Plan Amendment; Tentative Subdivision Map Approval; Specific Development Plan/Development Permit Approval; and, Development Agreement Amendment.</p> <p>The City did not rely on sites within Sorrento Village to meet its Regional Housing Needs Allocation (RHNA) and therefore still has capacity to meet its RHNA.</p>




City Manager's Office

Matthew Brower
City Manager
916-434-2449

matthew.brower@lincolncalifornia.gov

Memorandum

TO: Mayor Short; Councilors Gilbert, Hydrick, Joiner & Nader

FROM: Matt Brower, City Manager 

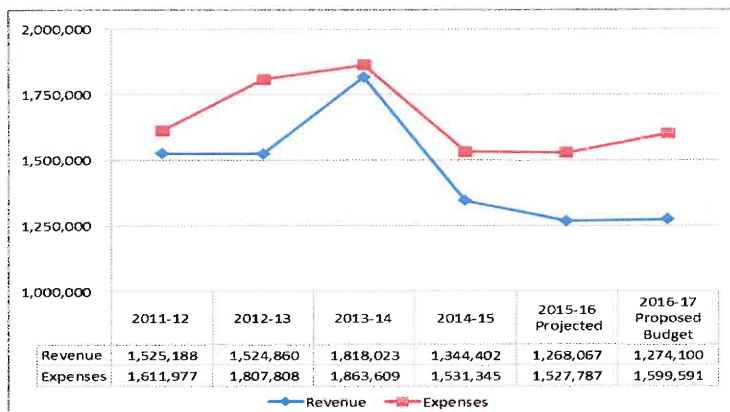
DATE: 10/28/2016

SUBJECT: Nunno Ground Lease—Options Analysis and Recommendation

Introduction

In 1986 the City of Lincoln entered into a long-term ground lease with Nunno Corporated, LTD (Nunno) that is set to expire on December 15, 2016. The expiration of the ground lease requires the City to explore several policy and administrative matters. Such matters include whether the City should exercise its reversion rights with Nunno and consider establishing new leases with existing hanger tenants. The purpose of this memo is to first provide a brief background on the airport's finances and key Nunno lease terms; and second to frame the policy matters that will need to be addressed prior to establishing recommendations for Council's consideration.

Background--Airport Finances: The airport's primary revenue centers include fuel sales, ground leases, and misc. revenue sources. Airport expenditures, consisting primarily of fuel, lease

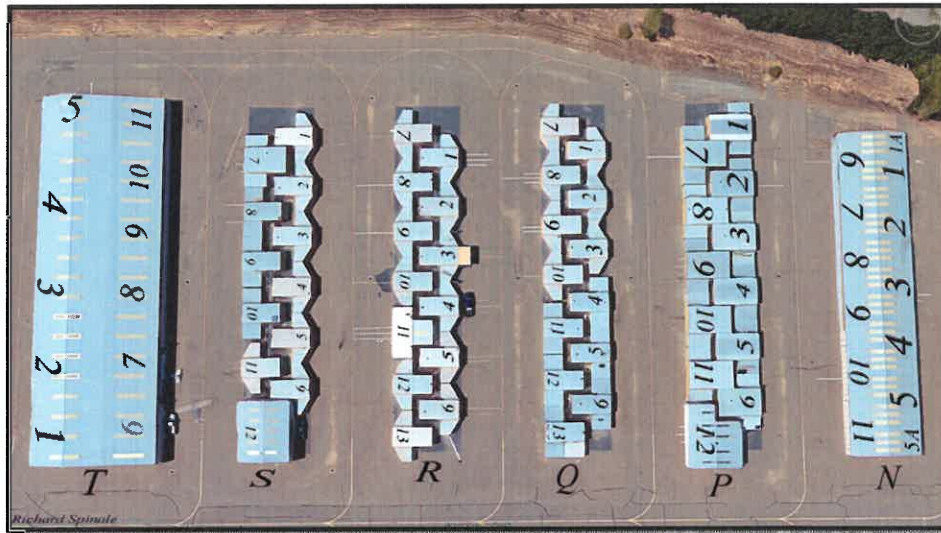


maintenance and capital projects, have outpaced revenues for a number of years. For example, over the past 15 years the airport has sustained annual operating losses with total cumulative losses exceeding \$5M. The enclosed graph illustrates the trend in annual losses from FY 2011/2012 (actual) through the FY 2016/2017 (projected).

In context of the airport's cumulative loss, the expiration of the Nunno lease represents a strategic opportunity to begin addressing the airport's annual operating short falls.

Background--Airport Finances: Nunno's initial lease with the City of Lincoln was executed on December 15, 1986 and granted Nunno the right to construct and manage aircraft storage hangers at the airport for a period of 20 years. In 2006 Nunno exercised their right under the Nonsubordinated Ground Lease and extended the Lease an additional ten years. All contractual lease rights with Nunno end on December 15, 2016.

Nunno's lease encompassed 6 rows of hangers, consisting of both porta hangers (rows S,R,Q,P) and large hanger buildings that contain multiple internal hangers (rows T and N). The Nunno hanger's encompass a total of 74 hanger units.



Building	Units	Type of Structure
T	11	One structure
S	12	Porta hangers
R	13	Porta hangers
Q	13	Porta hangers
P	12	Porta hangers
N	13	One structure
Total:	74	

Rent payments commenced on November 1, 1986 at an initial monthly rate of \$3,966.67. The Lease included cost-of-living increases every three years bringing the currently monthly lease rate to \$5,548. Additionally, the monthly lease stipulates that the tenant shall pay all real personal property taxes, general and special assessments.

The lease also spells out that Nunno shall not encumber or assign or otherwise transfer the Lease, or any right of interest to another party without consent of City. Additionally, the Lease precludes subleasing any portion of the premises without prior written consent of the City. It appears Nunno has entered into three different types of sublease agreements: 1) Lease for old port-a-ports; 2) Lease for hangers that are personally owned hangars subject to revision; and 3) Lease for hanger rentals which Nunno still owns.

The City's attorney has opined that if the hangars are sold as personal property rather than real property, the Subdivision Map Act is not an issue. If, however, the City does not renew the lease, the non-portable hangars will become property of the City. The owners may contest this position, but this fact is supported by the lease.

At all times during the term of the Lease, Nunno is obligated to maintain the leased premises making all necessary repairs and keeping the premises in a safe condition. Airport staff reports that Nunno has not undertaken regular maintenance on the hanger buildings or the surrounding asphalt apron.

Nunno Options: After significant vetting by the Airport Committee and staff, three primary options for addressing the expiring Nunno Master Ground Lease were identified.

Option 1: Exercise Reversion Rights. This option would have the City exercises its contractual reversion rights found in the Nunno Master Ground Lease. The City would revert, or exercise its ownership rights, over all hanger structures included within the ground lease area. Rental agreements would then be executed with hanger tenants.

Option 2: Sunset Nunno Master Lease Agreement (MLA) and enter into individual ground (IGL) with tenants. This option would result in the City executing 74 new IGL agreements with current owners of the hanger structures included within the ground lease area.

Option 3: Negotiate New Master Lease Agreement (MLA) with Nunno. This option would have the City renegotiate a new MLA with Nunno. All terms of the MLA would be subject to negotiation.

Attached hereto is Exhibit A entitled *Decision Point: Nunno Lease*. The exhibit provides a pros and cons analysis of each of the three primary options. Ultimately the Airport Committee selected Option 3 as that option being in the best interest of Lincoln Regional Airport. It was felt that Option 3 would provide the greatest enticement for encouraging additional long-term private investment at the airport while minimizing the cost risk of unknown hanger and asphalt repairs and maintenance, which in turn would provide the greatest potential for ensuring the airport's long term fiscal sustainability.

Recommendation: It is the recommendation of staff and the Airport Committee that Option 3 be pursued in earnest. If the City is unable to negotiate in good faith a new MLA with Nunno, the Airport Committee recommends pursuit of Option 2.

Appendix A
Decision Point: Nunno Lease
Lincoln Airport Committee
Oct. 19, 2016

Summary Data

Annual value of Nunno master lease with City: \$66,577.80

Nunno's projected annual income, less City's lease payment, off ground leases: \$83,317 (before any other expenses)

Options Analysis

Option 1: Exercise Reversion Rights

Projected additional airport revenue of \$83,317

Pros	Cons
1) Additional revenue to airport. Option maximizes revenue to airport.	2) Reversion may stifle private investment at airport.
3) Private asset has been fully amortized by Nunno.	4) Airport assumes hanger maintenance liability and repairs for fixed hangers (high risk of unknown maintenance costs)
5) Reversions are intended to provide for sustainability of airports.	6) Airport assumes administration of 50 hanger ground leases and 24 hanger rentals.
7) FAA encourages reversions to meet long-term sustainability of airports.	

Option 2: Sunset Nunno Master Lease Agreement (MLA) and enter into individual ground leases (IGL) with tenants

Projected additional net new airport revenue of \$32,422

Pros	Cons
1) Additional revenue to airport.	2) Airport assumes hanger maintenance liability and repairs (moderate risk).
3) More proactive property management with Airport has property manager.	4) Airport assumes administration of 74 hanger ground leases.

Option 3: Negotiate New Master Lease Agreement (MLA) with Nunno

Projected additional airport revenue of \$19,973 (30% increase from existing master lease)

Pros	Cons
1) Additional revenue to airport.	2) Nunno has not reinvested in airport.
3) Airport would have no hanger maintenance liability (low risk of unknown maintenance costs)	4) Absentee property owner.
5) Airport would have to administrator 1 MLA rather than 74 individual lease agreements	
6) Allowing Nunno opportunity to negotiate new MLA may encourage culture of private investment at airport.	
7) New lease provisions could include: infrastructure payments, specific pavement improvements, and hanger repairs and lagging maintenance.	

Option 1 - Exercise Reversion

	Total City Leases	Total Units	Average Price/Month	Total Monthly	Total Annually
Porta-Hangers	50	50		4,633.25	55,599.00
Lou Nunno Property	13	13		5,057.00	60,684.00
Nunno Corp.	5	5		1,944.00	23,328.00
Private Owners	6	6		857.00	10,284.00
	74	74		12,491.25	149,895.00

Current Master Lease 1 5,548.15 66,577.80

Net New Income Before Expenses to City \$ 83,317.20

Option 2 - Sunset Nunno Master Lease

	Total City Leases	Total Units	Average Price/Month	Total Monthly	Total Annually
Porta-Hangers	50	50	93.00	4,650.00	55,800.00
Lou Nunno Property	1	13	150.00	1,950.00	23,400.00
Nunno Corp.	1	5	150.00	750.00	9,000.00
Private Owners	6	6	150.00	900.00	10,800.00
	58	74		8,250.00	99,000.00

Current Master Lease 1 5,548.15 66,577.80

Net New Income Before Expenses to City \$ 32,422.20

Option 3 - Negotiate New Master Lease

	Total City Leases	Total Units	Average Price/Month	Total Monthly	Total Annually
Negotiate New Lease	1	1		7,212.60	86,551.14

Current Master Lease 1 5,548.15 66,577.80

Net New Gross Income before Expenses \$ 19,973.34

Estimated Developer Return

Current Gross Rents	149,895.00	
Estimated Expenses	37,473.75	25%
Proposed New Rent	86,551.14	58%
Est. Net Rev. To Nunno	25,870.11	17%

Munno

TABLE OF CONTENTS
OF
NONSUBORDINATED GROUND LEASE

<u>Section</u>	<u>Title</u>	<u>Page</u>
1	Use	1
2	Premises	1
3	Term	1
4	Rent	2
5	Taxes and Assessments	3
6	Utilities	5
7	Repairs and Maintenance	5
8	Plans and Specifications; Construction; Liens and Claims.....	6
9	Insurance and Indemnity	10
10	Repair and Restoration	16
11	Assignment and Subletting	17
12	Condemnation	19
13	Default	22
14	Remedies in Event of Default	23
15	Landlord's Right to Sell its Interest ..	25
16	Estoppel Certificates	26
17	Ownership of Improvements	27
18	Subordination for Benefit of Landlord ..	27
19	Hypothecation of Leasehold Interest	28
20	Compliance with Federal Requirements ...	31
21	Miscellaneous	35
22	Payments and Notices	40

NONSUBORDINATED GROUND LEASE

THIS LEASE is made on Dec 15, 1986, between THE LINCOLN AIRPORT AUTHORITY ("Landlord"), and NUNNO CORPORATION, LTD., _____ ("Tenant").

1. Use. Tenant shall have the use of the Leased Premises for the purpose of *Construction and management of aircraft storage hangars (Ref: Exhibit A Site 3)., and for no other purpose without Landlord's prior written consent, which consent will not be unreasonably withheld. Tenant shall not use or permit or suffer the use of the Leased Premises for any unlawful or extrahazardous purpose nor in any manner create a public or private nuisance. Notwithstanding anything contained herein to the contrary, the Leased Premises or any portion thereof shall not be used for any business activity not approved by Landlord.

No outdoor sales or displays shall be allowed to occur or remain on the Leased Premises without the prior written approval of Landlord, which approval shall not be unreasonably withheld.

2. Premises. Landlord leases to Tenant and Tenant leases from Landlord that real property in the City of Lincoln, County of Placer, California, described in Exhibit A which is attached hereto and made a part hereof. The premises leased to Tenant are referred to in this Lease as the "Leased Premises" or the "Premises."

3. Term. The term of this Lease shall commence on the date set forth above ("Commencement Date"), and shall

* Lessee has the option to lease Hangar Site #2 when City/LAA mutually agreed upon improvements have been completed. Ground lease terms to be finalized prior to site improvement completion.

terminate, unless earlier terminated in accordance with the provisions of this Lease, on a date TWENTY (20)* years from the Commencement Date. Tenant's right to possession shall commence on the Commencement Date.

4. Rent.

(A) Monthly Rent. Rent payments will begin on a monthly basis on November 1, 1986. Commencing on November 1, 1986, Tenant shall pay to Landlord rent on or before the first day of each calendar month during the term of this Lease, in advance. From November 1, 1986, until the first Adjustment Date, the monthly rent shall be Three Thousand Nine Hundred Sixty-Six 67/100 DOLLARS (\$3,966.67) per month (the "Base Monthly Rent").

(C) Cost-of-Living Increase. On November 1, 1989, and every three (3) years thereafter ("Adjustment Date") for the full term of this Lease, including any extensions, the Base Rent shall be increased, but not decreased, for the next succeeding three (3) years, by the same percentage increase in the Consumer Price Index for all Urban Consumers San Francisco-Oakland Metropolitan area, Bureau of Labor Statistics, United States Department of Labor, 1967 = 100 ("Index"), published immediately before the Adjustment Date increases over the Index which was published immediately before the Commencement Date or the preceding Adjustment Date (as the case may be); provided, however, that in no event shall the increase exceed TEN percent (10%) of the Base Rent (or, after the first adjustment, the Adjusted Rent, as hereafter defined) payable for the year immediately prior to the Adjustment Date. The Base Rent as so adjusted shall be the Adjusted Rent. By way of example only, if the Index immediately prior to the Commencement Date were 200 and the Index as of the first Adjustment date were 220, the

Adjusted Rent would be the Base Rent increased by ten.
* Lessee will have the option to renew Lease Agreement under the same terms and conditions for an additional ten (10) years provided that Lessee submits to Lincoln Airport Authority a written notice of intent to renew 120 days prior to expiration of lease term. Further, in the event Lessee fails to renew the lease agreement, the Lincoln Airport Authority shall make the same renewal option available to any and all of Lessee's tenants who own their own hangar. 36

percent (10%). If, however, the Index as of the first Adjustment Date were 400, the Adjusted Rent would be the Base Rent increased by TEN percent (10%). If the Index shall no longer be published, another Index generally recognized as authoritative for purposes of this paragraph shall be substituted.

(D) Payments. All rent to be paid by Tenant to Landlord shall be in lawful money of the United States of America and shall be paid without deduction or offset, prior notice or demand, and at such place or places as may be designated from time to time by Landlord.

5. Taxes and Assessments.

(A) Taxes and Assessments. Tenant shall pay without abatement, deduction or offset all real and personal property taxes, general and special assessments, and other charges of every description levied on or assessed against the Leased Premises, improvements located on the Leased Premises, personal property located on or in the land or improvements, the leasehold estate, or any subleasehold estate, to the full extent of installments falling due during the term, whether belonging to or chargeable against Landlord or Tenant. Tenant shall make all such payments direct to the charging authority at least fifteen (15) days before delinquency and before any fine, interest or penalty shall become due or be imposed by operation of law for nonpayment. If, however, the law permits the payment of any or all of the above items in installments (whether or not interest accrues on the unpaid balance), Tenant may, at Tenant's election, utilize the permitted installment method, but shall pay each installment with any interest before delinquency. Tenant shall pay any charge or levy only upon the rent payable by the Tenant under this Lease to Landlord, and any tax in lieu of property tax, but shall not be required to pay any

franchise, state inheritance, succession, capital levy or transfer tax of the Landlord, or any income, excess profits or revenue tax, or any other tax, assessments or charge attributable to Landlord.

If at any time during the term of this Lease a tax or excise is levied on rents, Tenant shall pay the same. Also, if at any time during the term of this Lease any tax, however described, is levied or assessed against Landlord as a substitute, in whole or in part, for any real property taxes, or in addition to such real property taxes, Tenant shall pay before delinquency the substitute or additional tax or excise. Such substitutes include, but are not limited to, any possessory interest tax imposed on Tenant by California Revenue and Taxation Code Sections 103 and 107 and any in lieu fee imposed on Tenant by California Government Code Section 7510. Tenant hereby expressly acknowledges that Landlord has given Tenant notice that Tenant's possessory interest in the demised premises may be taxed.

(B) Proof of Compliance. Tenant shall furnish to Landlord within sixty (60) days after the date when any tax, assessment or charge would become delinquent receipts or other appropriate evidence establishing their payment. Tenant may comply with this requirement by retaining a tax service to notify Landlord whether the taxes have been paid.

(C) Proration. Taxes and assessments determined from the latest information available for the first and, if Tenant is not in default under this Lease, the last year of this Lease shall be prorated between the Landlord and Tenant on the basis of a tax fiscal year commencing July 1 and ending June 30.

(D) Payment by Landlord. In the event Tenant fails to pay such taxes or assessments, Landlord may, at its option, after giving ten (10) days' notice to Tenant,

pay any such taxes or assessments together with all penalties and interest which may have been added thereto by reason of any such delinquency or failure to pay, and may likewise redeem the Leased Premises or any part thereof, or the buildings or improvements located thereon, from any tax sale or sales. Any such amounts so paid by Landlord shall become immediately due and payable as additional rent by Tenant to Landlord, together with interest thereon at the maximum lawful rate from the date of payment by Landlord until paid by Tenant. Any such payment shall not be deemed to be a waiver of any other rights of Landlord hereunder. Tenant may, in good faith, contest any such tax or assessment at its expense. However, Tenant shall defend itself and Landlord against the same and shall pay and satisfy any judgment including all penalties and interest that may be rendered thereon. Landlord may require Tenant to furnish Landlord a surety bond or other security reasonably satisfactory to Landlord in an amount equal to such contested tax or assessment, indemnifying Landlord against liability for such tax or assessment and holding the Leased Premises free from the effect of such tax or assessment. Landlord shall cooperate with Tenant in any such contest and shall execute any necessary legal documents incident thereto, but shall be held harmless by Tenant against all costs or expenses incident to such cooperation.

6. Utilities. During the term of this Lease, Tenant agrees to pay all charges and expenses in connection with utility services and to protect Landlord and the Leased Premises from all such charges and expenses.

7. Repairs and Maintenance.

(A) At all times during the term of this Lease, Tenant shall, at its cost and expense, maintain the Leased Premises and all improvements thereon in good order and

repair and safe condition and all improvements on the Leased Premises including landscaping, in a clean, sanitary, orderly and attractive condition.

(B) Landlord shall not be obligated to make any changes, alterations, additions or repairs in, on or about the Leased Premises or any part hereof or any improvements installed thereon...*Tenant waives all provisions of law that may impose a duty of repair on Landlord.

(C) Tenant shall indemnify and save harmless Landlord against all actions, claims and damages by reason of (1) Tenant's failure to perform the terms of this paragraph, or (2) Tenant's nonobservance or nonperformance of any law, ordinance or regulation applicable to the Leased Premises, and any liability or duty to repair imposed by the laws of California.

8. Plans and Specifications; Construction; Liens and Claims. Any requirement set forth in paragraphs (A) through (I) of this section 8 shall be in addition to any applicable requirements contained in section 20, paragraph (L).

(A) Approval of Plans. No improvement shall be erected, placed, altered or maintained on the Premises unless plans and specifications have been approved in writing by Landlord. Such approval by Landlord shall not be unreasonably withheld. Prior to commencing construction of any building, structure or improvement (including landscaping) on the Leased Premises, Tenant shall notify Landlord of the date of commencement and expected completion thereof and shall submit the following plans and specifications for approval:

(1) Plot plans drawn to scale, fully dimensioned, with name, date and north arrow showing property lines, size, location and configuration of all improvements, including, but not limited to, buildings,

*excepting for the taxiways installed on the lease site by Landlord.

structures, retaining walls, fences, walls, easements, access, parking areas, public and private streets, signs, exterior lighting, landscaped areas, topography, and the proposed location of all service areas and trash collection areas indicating the proposed method of screening such service and trash areas from public view.

(2) Landscaping plans indicating the location, type, size and quantity of all trees, shrubs, plants and ground cover plus the layout of the proposed watering facilities plan. Said approval by Landlord shall not be unreasonably withheld.

(3) Architectural plans and total square footage of all structures, including signs, and showing exterior renderings or elevations of all sides of all structures, details of roof screening devised, construction materials and exterior colors.

(4) A complete set of working drawings.

(B) Time for Approval. Tenant shall notify Landlord in writing when completed plans and specifications for improvements to be erected, placed or altered on the Premises have been submitted to Landlord ("Notice"). Landlord shall have thirty (30) days after receipt of the Notice to approve the plans and specifications. Said approval by Landlord shall not be unreasonably withheld. If Landlord does not approve the plans and specifications, it shall notify Tenant within such thirty (30) day period of the reasons for its disapproval, and failure to so notify Tenant shall be deemed approval of the plans and specifications.

(C) Commencement of Construction. Once Tenant shall have commenced construction, Tenant shall pursue the same with reasonable speed and dispatch. If Tenant is prevented from completing improvements on account of strikes, lockouts, failure of Contractor or Subcontractors,

inability to procure material or labor in the free market, governmental restrictions, fire, earthquake, the elements, or other casualty or extraordinary conditions beyond Tenant's reasonable control, including inability to obtain governmental approvals after due diligence in attempting to obtain such approvals, then the Tenant shall thereafter proceed with all reasonable speed and dispatch to complete the improvements.

(D) Liabilities. By approving plans and specifications, Landlord assumes no liability therefor, or for any defect resulting from the plans and specifications. Tenant indemnifies and shall hold Landlord harmless from any damage, loss or prejudice claimed, and from all expenses incurred arising out of approvals of plans and specifications or any improvement on the Premises.

(E) Approved Buildings and Improvements. All of the improvements shown in the approved plans and specifications constitute the "Approved Improvements." Substantial modifications to Approved Improvements shall be made only with prior written approval of Landlord, except that Landlord's prior written approval shall not be required for changes to the interior of any building which do not substantially diminish the value thereof.

(F) Notice of Work. Before commencement of any construction, alteration, addition, replacement or restoration of any building, structure or other improvement, Tenant shall (1) give to Landlord written notice of the work to be performed, specifying the nature and location of the intended work and the expected date of commencement and completion thereof; and (2) provide Landlord with written plans and specifications therefor, and shall have obtained the written approval thereof from the Landlord as required above. Landlord reserves the right at any time and from time to time to post and

maintain on the Leased Premises such notices as may be necessary to protect Landlord against liability for all such liens and claims.

(G) Covenant Against Liens and Claims. Tenant shall not allow or permit to be enforced against the Leased Premises or any part thereof, any mechanic's, materialmen's, contractor's or subcontractor's liens arising from any claim growing out of work of any construction, repair, restoration, replacement or improvement, or any other claim or demand no matter how the same may arise. Tenant shall pay or cause to be paid all of said liens, claims or demands before any lawsuit is brought to enforce them against the Leased Premises. Tenant agrees to indemnify and hold the Landlord and the Leased Premises free and harmless from all liability for any and all such liens, claims and demands, together with reasonable attorneys' fees and all costs and expenses incurred by Landlord in connection therewith.

(H) Tenant's Right to Contest Liens. Notwithstanding anything to the contrary set forth above, if Tenant shall in good faith contest the validity of any such lien, claim or demand, then Tenant shall, at its expense, defend itself and Landlord against the same and shall pay and satisfy any adverse judgment that may be rendered thereon before the enforcement thereof against Landlord or the Leased Premises. A condition to Tenant's right to contest the validity of any lien, claim or demand shall be that if Landlord shall require, Tenant shall furnish to Landlord evidence of a surety bond satisfactory to Landlord in an amount at least equal to the contested lien, claim or demand, the effect of which is to indemnify Landlord against liability for the same, and to hold the Leased Premises free from the effect of such lien or claim.

(I) Landlord Paying Claims. In the event Tenant shall fail to pay and discharge or cause to be paid and

discharged, when due and payable, any tax, assessment or other charge upon or in connection with the Leased Premises, or any lien or claim for labor or material employed or used or any claim for damages arising out of the construction, repair, restoration, replacement, maintenance and use of the Leased Premises and any improvements thereon, or any judgment on any contested lien or claim, or any insurance premium or expense in connection with the Leased Premises and improvements, or any other claim, charge or demand which Tenant has agreed to pay or cause to be paid under the terms of this Lease, and if Tenant, after ten (10) days' written notice from Landlord to do so shall fail to pay and discharge the same, or in the event Tenant contests such tax, assessment, claim or charge and fails to post security as provided elsewhere in this Lease, then Landlord may, at his option, pay any such tax, assessment, insurance expense, lien, claim, charge or demand, or settle or discharge any action therefor, or judgment thereon, and all costs, expenses and other sums incurred or paid by Landlord in connection with any of the foregoing shall be paid by Tenant to Landlord upon demand, together with interest thereon at Bank of America's prime rate from the date incurred or paid. Any default in such repayment by Tenant shall constitute a breach of the covenants and conditions of this Lease.

9. Insurance and Indemnity.

(A) Landlord's Nonliability. Landlord shall not be liable for any loss, damage or injury of any kind to any person or property arising from any use of the Leased Premises, or any part thereof, or caused by any defect in any building, structure or other improvement thereon or in any equipment or other facility therein, or caused by or arising from any act or omission of Tenant or any of its agents, employees, licensees or invitees, or by or from any

accident on the Leased Premises or any fire or other casualty thereon, or occasioned by the failure of Tenant to maintain the Leased Premises and all improvements thereto in a safe condition, or arising from any other cause except where caused by the negligence of Landlord, its agents or employees.

(B) Indemnification of Landlord.

Notwithstanding anything to the contrary contained in this Lease, and irrespective of any insurance carried by Tenant for the benefit of Landlord under the terms of this Lease, Tenant agrees to protect, indemnify and hold the Landlord and the Leased Premises harmless from any and all damages and liabilities at any time occasioned by or arising out of (1) any act, activity or omission of Tenant, or of anyone holding under Tenant, or (2) the occupancy or use of the Leased Premises or any part thereof, by or under Tenant, or (3) any state or condition of the Leased Premises or any part thereof.

(C) Liability Insurance. Tenant shall procure and maintain at all times during the term of this Lease, at its sole cost and expense, a policy or policies of comprehensive public liability insurance by the terms of which Landlord and Tenant are named as insured and are indemnified against liability for damage or injury to property or person, including death, of any person entering upon or using the Leased Premises or any improvements thereon or any part thereof, with limits of coverage in an amount of not less than ONE MILLION DOLLARS (\$1,000,000) single limit coverage applyint to injuries to or death of any one (1) person, and ONE MILLION DOLLARS (\$1,000,000) for injury to or death of two (2) or more persons arising from the same occurrence and FIVE HUNDRED THOUSAND DOLLARS (\$500,000) for damage or injury to property. The aggregate limit, if any, of such liability insurance shall be no less than TWO MILLION DOLLARS (\$2,000,000).

(\$ 2,000,000). If Landlord's reasonably exercised judgment determines that the liability insurance amounts set forth herein become inadequate, then Landlord may, by written notice, require a reasonable increase in coverage commencing with the next policy anniversary date. Such public liability insurance policy or policies shall be stated to be primary and noncontributing with any insurance which may be carried by Landlord and shall contain a provision (provided such provisions are available without increased premium) that the Landlord, although named as an insured shall nevertheless be entitled to recover under that policy for any loss, injury or damage to the Landlord, its agents and employees or the property of such persons by reason of the negligence of Tenant.

The following endorsements shall be attached to the liability insurance policy:

1. If the insurance policy insures on an "accident" basis, it shall be changed to an "occurrence" basis.
2. The policy must cover personal injury, as well as bodily injury.
3. The coverage shall be at least as broad as comprehensive liability and broad form comprehensive general liability or "commercial" general liability.
4. The Landlord, its officers, agents, employees and volunteers shall be named as insureds under the coverage afforded with respect to liability arising out of activities performed by or on behalf of Tenant under this contract. The coverage shall contain no special limitations on the scope of protection afforded to Landlord, its officers, agents, employees and volunteers.
5. An endorsement shall be attached which states that the coverage is primary insurance and that

any insurance or self-insurance fund maintained by or available to Landlord or any of its officers, agents, employees or volunteers shall be in excess of Tenant's insurance and shall not be called upon to contribute to a loss covered by the policy.

6. The policy must provide that it shall not be cancelled nor changed nor may the "retroactive date" of the policy or any renewal or replacement policy be changed without thirty (30) days' prior written notice to Landlord.
7. A cross-liability endorsement must be included to the effect that each insured is covered as if separate policies had been issued to each insured.
8. The liability coverage may be either on a blanket basis or a policy which specifically identifies this agreement with a contractual liability endorsement.
9. Any deductibles or self-insured retentions must be declared to and approved by Landlord. At the option of Landlord, the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the Landlord, its officers, agents, employees and volunteers or the Tenant shall procure a bond guaranteeing payment of losses and related investigation, claims administration and defense expenses.
10. If the policy or policies are written on a "claims made" basis, the retroactive date of such policies shall be maintained as the date this lease was executed or earlier in time notwithstanding any renewals of such policies or changes in insurance carriers. Further, the reporting period for claims made under such

policy or policies shall, at a minimum, continue through sixty (60) days after termination of this lease.

B. Additional Requirements-Claims Made Policies.

1. Statement of Coverage. If the policy or policies are written on a "claims made" basis, the insurer shall provide City with a statement specifically describing (1) the date coverage began under the policy and the retroactive date for claims received, (2) the reporting period(s) applicable to the policy, (3) the incident, event and claims notice procedures applicable to the policy and the name and address of the person to whom notice of incidents, events and claims may be given.
2. Notice of Events and Claims. If the policy or policies are written on a "claims made" basis, Tenant shall give its insurance carrier and Landlord written notice of each and every event or incident occurring during the term of this Lease that may ripen into a claim. Notice shall be given no later than ten (10) days after such event or incident.

(D) Fire Insurance. This subparagraph shall be inapplicable if the Premises are improved only as a surface parking lot. Tenant shall at all times during the term of this Lease and at its sole expense, procure and maintain in full force a policy or policies of standard fire and extended coverage insurance insuring all improvements on the Leased Premises in an amount equal to not less than ninety percent (90%) of the full replacement costs. Tenant agrees to reevaluate insurance coverage at three-year intervals or annually upon request of Landlord and to increase said coverage if it shall be less than ninety percent (90%) of the then full replacement cost of the

improvements on the Leased Premises. The amount of the full replacement cost shall be determined in writing by the carrier of insurance then in force and shall be binding on the parties for the purpose of this paragraph. The insurance policies insuring against fire or other casualty shall include the interest of the holder of any "mortgage" executed by Tenant in connection with obtaining of any interim or permanent financing with respect to the Leased Premises, and said policies shall provide that any loss is payable jointly to Landlord, Tenant and the holder, if any, of a "mortgage" in the Tenant's interest under this Lease. Proceeds from any insurance policy shall be used in accordance with the provisions of this Lease dealing with use of insurance funds for repair and restoration.

(E) Certificate of Insurance. All policies of insurance procured and maintained by Tenant hereunder shall be issued by companies having not less than Best's A: Class X rating and shall be issued in the name of the Landlord and Tenant for the mutual and joint benefit and protection of the parties. Executed copies of all insurance policies or a certificate thereof shall contain a provision that not less than thirty (30) days' written notice shall be given to Landlord prior to the cancellation, reduction of coverage, expiration or any material change in any such policy.

(F) Use of Insurance Funds for Repair and Restoration. In the event any buildings, structures or improvements located on the Leased Premises are damaged by fire or other casualty, any such sums as are received from or on account of any policy of insurance covering the same shall, except as provided in paragraph 11 below, be expended for the restoration, repair or replacement of said buildings, structures or improvements.

(G) Failure to Provide Insurance. If Tenant fails or refuses to procure or to maintain insurance as

required by this Lease or fails or refuses to furnish Landlord with required proof that the insurance has been procured and is in force and paid for, Landlord shall have the right at Landlord's election, without notice, to procure and maintain such insurance. The premiums paid by Landlord shall be treated as added rent due from Tenant with interest at the Bank of America prime rate, to be paid within thirty (30) days of demand. Landlord shall give prompt notice of the payment of such premiums, stating the amounts paid and the names of the insurer or insurers.

(H) Waiver of Subrogation. The parties hereby release each other, and their respective representatives, from any claims for damage to any person or to the Premises and the improvements which may be located upon the Premises and to the fixtures, personal property, tenant's improvements and alterations of tenant in or on the Premises and the improvements which may be located upon the Premises that are caused by or result from risks insured against under any insurance policies carried by the parties hereto and in force at the time of any such damage. Each party hereto shall cause each insurance policy obtained by it to provide that the insurance company waives all right of recovery by way of subrogation against either party in connection with any damage covered by any policy, provided obtaining such a waiver in each such policy is then available at a reasonable charge. Neither party hereto shall be liable to the other for any damage caused by fire or any of the risks insured against under any insurance policy required by this Lease.

10. Repair and Restoration. If during the term of this Lease any building or improvement on the Leased Premises or any part thereof shall be damaged or destroyed by fire or other casualty, Tenant shall, at its sole cost and expense, repair or restore the same according to the original plans thereof or to such modified plans as shall

be previously approved in writing by Landlord. If such damage or destruction occurs during the last five (5) years of the Lease term Tenant shall have no duty to repair or restore, and if Tenant elects not to repair or restore, this Lease shall terminate and Landlord shall receive all insurance proceeds. Such work of repair or restoration shall be commenced within one hundred twenty (120) days after the damage or loss occurs and shall be completed with diligence but not longer than one (1) year after such work is commenced, provided, however, that the time for completion of such repair and restoration shall be extended as appropriate in accordance with the provisions of paragraph 20(O) below. If insurance proceeds provided for above shall be insufficient for the purpose of such restoration and repair, or if the casualty is one not required to be insured against, then Tenant shall make up the deficiency out of its own funds. Tenant waives the provisions of Civil Code Sections 1932(2) and 1933(4) with respect to any destruction of the Premises.

11. Assignment and Subletting.

(A) Restriction of Assignment. Except as provided in paragraph 19 of this Lease entitled "Hypothecation," Tenant shall not encumber, assign or otherwise transfer this Lease, or any right or interest hereunder, or in or to any of the improvements constructed or installed on the Leased Premises, in whole or in part, without the prior written consent of Landlord, which consent will not be unreasonably withheld. No such assignment shall release Tenant of further liability under this Lease.

(B) Restriction on Subleasing. Tenant may not sublease all or any portion of the Leased Premises or the improvements constructed or installed on the Leased Premises without the prior written consent of Landlord, which consent shall not be unreasonably withheld. Any such

sublease shall provide (1) such subleasing shall be subject to the terms of this Lease; (2) such subleasing shall comply with all applicable statutes and regulations, including, without limitation, the California Subdivision Map Act and the provisions of Section 20 hereof; (3) all building improvements and alterations constructed on the Leased Premises shall have been approved by Landlord pursuant to paragraph 8 of this Lease; (4) Tenant shall remain liable under this Lease; and (5) each sublease shall contain a provision satisfactory to Landlord requiring the subtenant, if Landlord shall so demand as provided below, to attorn to Landlord if Tenant defaults under this Lease, and if the subtenant is notified of Tenant's default and instructed to make subtenant's rental payments to Landlord, but Landlord shall have no obligation to recognize the subtenant or to allow any subtenant to remain in possession upon the default of Tenant.


(C) Subleasing With Consent. If the prior written consent to a sublease has been obtained from Landlord, then Landlord shall, at Tenant's request, execute and deliver to any subtenant a recognition and nondisturbance agreement which shall assure such subtenant, so long as it is not in default under its sublease, the quiet possession of its subleasehold during the term thereof, notwithstanding Tenant's default or any termination of this Lease, provided that: (1) Landlord's written consent has been obtained in accordance with the provisions below; (2) no sublease shall be for a term which exceeds the term of this Lease; ~~(3) no sublease shall provide for prepaid rent (excepting one month's rent as security deposit);~~ (4) all rental terms shall be reasonable and at prevailing market rates; and (5) no greater burdens are placed upon the Landlord in the sublease than are undertaken by the Landlord under this Lease. To obtain the consent required hereunder, and the recognition and

Deletion
11 (C) (


City of Lir

Nurmo Corp.

nondisturbance agreement, Tenant shall provide Landlord with a fully executed copy of any sublease along with a written request for consent. Landlord shall not unreasonably withhold its consent to a sublease which meets the requirements of this subparagraph.

(D) Hangar Subtenant Rent. For the first year of this Lease, Tenant shall charge its subtenants a maximum Insert rent for hangars and related appurtenances of 7.4 cents per (11 D) square foot per month (i.e., sixty (60) dollars per month for the 810 square foot small port-a-port hangar). During  City of Lir the next two years of this Lease, the monthly rent to tenant's subtenants may be adjusted annually on each anniversary of the commencement date (adjustment date) by _____ the same percentage increase in the Consumer Price Index Nunno Corp. for all Urban Consumers San Francisco-Oakland Metropolitan Area, Bureau of Labor Statistics, United States Department of Labor 1967 = 100 ("Index") published immediately before the adjustment date over the Index which was published immediately before the commencement date or the preceding adjustment date (as the case may be). Any increase in rent to subtenants in excess of the increase in the Index may only be imposed after approval by Landlord. Landlord shall approve such increase only if Tenant can demonstrate expenditures or costs for capital improvements not otherwise required under this Lease or for insurance which are not recovered through the rent increase allowable by the increase in the Index. Any increase approved by Landlord shall not be imposed if such increase would be inconsistent with the terms of the lease between Tenant and Tenant's subtenants.

This subsection shall remain in effect for the first three years of this Lease.

(E) Effect of Failure to Comply. Except as provided above, no encumbrance, assignment or other

transfer, whether voluntary, involuntary, by operation of law, under legal process, through a receivership, bankruptcy or otherwise, shall be valid or effective without the prior written consent and approval of Landlord. If Tenant attempts to make or allow to be made any subleasing, encumbrance, assignment or other transfer except in accordance with the provisions of this paragraph 11, then any of the foregoing events shall be deemed a breach of the conditions and restrictions of this Lease, and upon such breach, Landlord may, at its option, terminate this Lease at once by written notice, and upon such termination this Lease shall end and be of no further force.

12. Condemnation. If, during the term of this Lease there is a taking, or transfer of, or damage to all or any part of the Leased Premises (Leased Premises as used herein shall include all appurtenant interests such as access rights) for a public use by any individual or entity, public or private, possessing the power of eminent domain, whether by condemnation proceedings or otherwise (hereinafter referred to as "appropriation"), the rights and obligations of Landlord and Tenant with regard to such appropriation shall be governed by the provisions of this article.

(A) Date of Taking. The date of taking, as used in this article, is defined as the earliest of the following dates: (1) the date legal possession is taken, which is defined as the date, if any is established, after

which the condemnor may take possession of the property as stated in an order authorizing the condemnor to take possession; (2) the date a final order of condemnation or final judgment is filed or recorded or the date a deed is recorded in the event of a voluntary sale; and (3) the date physical possession of the property is taken.

(B) Total Taking. Total taking means an appropriation of the entire Leased Premises or so much thereof as to prevent or substantially impair the conduct of Tenant's business unless Tenant elects to continue the Lease in effect. If during the term of this Lease there is an appropriation of the Leased Premises which amounts to a total taking as herein defined, then the leasehold estate of tenant in and to the Leased Premises shall cease and terminate as of the date of such taking, and all rentals and other charges payable by Tenant to Landlord hereunder and attributable to the Leased Premises shall be paid up to the date of such taking.

(C) Partial Taking. The term "partial taking" shall mean the taking of a portion only of the Leased Premises which does not constitute a total taking as defined above. If during the term of this Lease there shall be a partial taking of the Leased Premises, this Lease shall terminate as to the portion of the Leased Premises so taken at the date of taking as herein defined, but said Lease shall continue in force and effect as to the remainder of the Leased Premises. The rental payable hereunder by Tenant shall, as of the date of taking, be adjusted so that Tenant shall be required to pay for the remainder of the term only such portion of such rent as the value of the part of the Leased Premises remaining after the taking bears to the value of the entire Leased Premises at the date of taking.

(D) Abandonment of Proceedings. In the event the condemning agency shall abandon an eminent domain

proceeding, either party hereto shall have the right to contest the condemnor's abandonment and a right to its respective costs and disbursements as defined and provided for in California law. If after the condemnor takes possession or the Tenant moves from the property sought to be condemned in compliance with an order of possession, the condemnor abandons the proceeding as to such property or a portion thereof, or if it is determined that the condemnor does not have authority to take such property or portion thereof by eminent domain and the condemnor is required by law to deliver possession of such property or such portion thereof to the party entitled to the possession thereof and pay damages as provided for in California law, then Tenant shall receive the award for costs and damages incurred by reason of Tenant being removed from possession of the Premises, but Tenant shall be entitled to retake possession of the Premises and, in the event of such repossession by Tenant, all of the terms of this Lease shall remain in operation and effect.

(E) Allocation of Award. All compensation and damages awarded for the taking of the Leased Premises or any portion thereof shall, except as otherwise herein provided, belong to and be the sole property of Landlord. However, any award that may be made for the taking of or injury to the Approved Buildings and Improvements, and all other improvements constructed by Tenant on the Leased Premises shall be equitably apportioned between Tenant and Landlord if, at the time of the taking, the expected useful life of the Approved Buildings and Improvements extends beyond the expiration date provided for in paragraph 3. Otherwise, Tenant shall be entitled to such award. Tenant shall be entitled to any award for damage to Tenant's business or on account of any cost or loss Tenant may sustain in the removal of Tenant's fixtures, equipment and furnishings, or as a result of any alterations,

modifications or repairs which may be reasonably required by Tenant in order to place the remaining portion of the Leased Premises not so condemned in a suitable condition for the continuance of Tenant's tenancy. Tenant shall also be entitled to that portion of any award that may be attributable to (1) the excess of the fair market value, for the remainder of the Lease term, of the portion of the Leased Premises condemned, excluding, however, the value of the improvements constructed thereon by Tenant, for which Tenant is otherwise compensated under this paragraph, over the present value at the date of taking, of the rental obligation of Tenant for the remainder of such Lease term, and (2) any severance damages to the remaining leasehold interest and to any improvements constructed by Tenant.

(F) Cost. Each party shall bear his own costs, attorneys' fees, appraiser's fees and all other costs in connection with any matter contained in this article, except as may be otherwise provided.

(G) Right of Entry. Neither party hereto shall grant a right of entry to any condemnor without the written consent of the other party hereto.

(H) Voluntary Sale. A voluntary sale by Landlord to any public body or agency having the power of eminent domain, either under threat of condemnation or while condemnation proceedings are pending, shall be deemed to be an appropriation under the power of eminent domain as defined in subparagraph (A) of this paragraph; provided that no such sale of any interest compensable to Tenant as provided herein shall be made without the prior approval of Tenant as respects the value of any such interest.

13. Default. The occurrence of any one or more of the following events shall constitute a default under this Lease by Tenant:

(A) Failure to pay an installment of rent or other sum when due;

(B) Failure to pay any insurance premium, lien, claim, demand, judgment or other charge provided for in this Lease to be paid or caused to be paid by Tenant at the time and in the manner as provided for in this Lease;

(C) Failure to maintain the Leased Premises or cause the same to be maintained as provided for in this Lease;

(D) Abandonment of the Leased Premises after completion of construction for a continuous period of forty-five (45) days;

(E) Default by Tenant under the terms of any mortgage on the estate of Tenant;

(F) Failure to perform or breach of any other covenant, condition or restriction provided for in this Lease;

(G) Failure to maintain compliance with Economic Development Administration Civil Rights Provisions and Certificate of Non-Relocation (see Exhibit A);

(H) Failure to maintain ~~landscaping~~, structures, ~~or parking areas~~ in the same condition as first installed and accepted as complete by Landlord; or Deletion
(13 H & I)

~~*(I)xxTo complete all building improvements associated with said proposal, as attached in Exhibit B, xxx or before October 31, 1984xx~~

14. Remedies in Event of Default. Upon any default of Tenant, and in the event the said default is due to the failure of Tenant to make the payment of any installment of rent or other sum when due, and in the event Tenant shall fail to remedy such default within ten (10) days after written notice to do so, or upon any other default by Tenant, and in the event that Tenant shall fail to remedy such other default within thirty (30) days after written notice from Landlord so to do specifying the nature of such default, or if such default cannot be cured within thirty (30) days, Tenant has not commenced corrective City of I
Nuno (

* Failure to install improvements within 180 days of permit issuance except for delays caused by inclement weather, strike, war, acts of God, or any other cause beyond the control of Lessee to perform.

action and prosecuted the same to completion with due diligence, or in the event that the default is of such a nature that it cannot be cured by any action of Tenant, then and in any of these events, in addition to any other remedy Landlord may have by operation of law, Landlord shall have the right but not the obligation without any further demand or notice to reenter the Leased Premises and eject all persons from the Leased Premises, using due process of law, and either:

(A) Immediately terminate Tenant's right to possession of the Premises, and repossess the same by summary proceedings or other appropriate action, and Landlord shall thereupon be entitled to receive from Tenant all damages specified in California Civil Code Section 1951.2(a), including, without limitation, the right to receive the worth at the time of the award, of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss for the same period that Tenant proves could be reasonably avoided; all of which damages to the extent specified in Section 1951.2(b) shall be computed by allowing interest at the maximum rate permitted by law. Landlord shall also have the right, but no duty, to cure any default of Tenant under the terms of any mortgage on the estate of Tenant.

(B) Without terminating this Lease or the Tenant's right to possession, relet the Leased Premises or any part of the Leased Premises as the agent and for the account of Tenant upon such reasonable terms and conditions as Landlord may deem advisable, in which event the rents received on such reletting and collection shall be applied first to the reasonable expenses of such reletting and collection, including necessary renovation and alterations of the Leased Premises, reasonable attorneys' fees, any real estate commissions paid, and thereafter to payment of

all sums due or to become due to Landlord under this Lease, and if a sufficient sum shall not be thus realized by the payment of such sums and other charges, Tenant shall pay Landlord any deficiency monthly notwithstanding Landlord may have received rental in excess of the rental stipulated in this Lease in previous or subsequent months, and Landlord may bring an action therefor as such monthly deficiency shall arise. Any such reentry shall be allowed by Tenant without hindrance, and Landlord shall not be liable in damages for any such reentry, or be guilty of trespass or forcible entry.

If Tenant fails to provide necessary repair and maintenance of the Premises and all improvements thereon, Landlord shall have the right, after notice provided for above and failure of Tenant to cure or commence and diligently pursue a cure, to enter the Premises and take all corrective action necessary in the sole judgment of Landlord. Any such entry shall be at the sole risk and expense of Tenant. Tenant shall immediately, upon presentation of a statement therefor, reimburse Landlord for all costs incurred by Landlord in taking such corrective action with interest on said sums from the date of payment by Landlord at the lower of a) the highest rate allowed by law; or b) two points over the prime rate charged from time to time by the Bank of America, or if the Bank of America no longer exists, an equivalent institution. Nothing in this paragraph shall (i) require Landlord to take any corrective action on the Premises; (ii) diminish the rights and remedies of Landlord under this Lease, whether or not Landlord elects to take such corrective action; and (iii) cause a waiver by Landlord of any of its rights and remedies under this Lease.

15. Landlord's Right to Sell Its Interest. Landlord shall have the right to sell all of its interest in the Leased Premises and any lease with respect thereto. In the

event of any such sale by Landlord, Landlord shall be and is hereby entirely freed and relieved of all liability under all of its covenants and unaccrued obligations contained in or derived from this Lease arising out of any act, occurrence or omission occurring after the consummation of such sale; provided that the purchaser at such sale or any subsequent sale of an interest of Landlord shall, in writing, covenant to Tenant to carry out all of the covenants and obligations of the Landlord under this Lease. Tenant, while in possession, shall have the one time prior right to buy the Premises if Landlord receives from a third party an acceptable bona fide offer to purchase. Landlord shall provide Tenant with a Notice of Sale setting forth the exact and complete terms of the proposed sale. For a period of five (5) business days after receipt by Tenant of the Notice of Sale, Tenant shall have the right to give written notice to Landlord of Tenant's exercise of Tenant's right to purchase the Premises on the same terms, price and conditions set forth in the Notice of Sale. If Tenant does not give Landlord such written notice within said five (5) day period, it shall be conclusively presumed that Tenant has elected not to exercise Tenant's right hereunder, and Landlord may sell the Premises. Tenant's election not to exercise its right hereunder after receipt of one Notice of Sale from Landlord shall extinguish this right, and should Landlord choose not to accept the offer described in the Notice of Sale, Landlord shall be free to sell the Premises without further notice to Tenant.

16. Estoppel Certificates. Landlord and Tenant shall, respectively, at any time and from time to time upon not less than ten (10) days' prior written request by the other, deliver to the requesting party an executed and acknowledged statement in writing certifying:

(A) That this Lease is unmodified and in full

force and effect (or if there has been any modification(s) thereof that the same is in full force and effect as modified, and stating the nature of the modification or modifications);

(B) That to its knowledge the requesting party is not in default under this Lease (or if any such default exists, the specific nature and extent thereof), and

(C) The date to which rent and other charges have been paid in advance, if any. Each certificate delivered pursuant to this paragraph may be relied on by any prospective purchaser or transferee of the Leased Premises or of Landlord's or Tenant's interest hereunder or by any fee mortgagee of the Leased Premises or of Landlord's or Tenant's interest hereunder or by any assignee of any such mortgagee.

17. Ownership of Improvements. At the expiration or sooner termination of the term of this Lease, all improvements on the Premises shall become the property of Landlord.

18. Subordination for Benefit of Landlord. If Landlord desires this Lease to be subordinated to any mortgage, deed of trust or other encumbrance ("Fee Mortgage") now or hereafter placed upon the Leased Premises by Landlord, and all advances, whether obligatory or optional made on the security thereof, and to all renewals, modifications, consolidations, replacements and extensions thereof, this Lease, at Landlord's election, shall be subordinate to any such Fee Mortgage provided Landlord first obtains from the lender a written agreement that provides substantially as follows:

As long as Tenant performs its obligations under this Lease, no foreclosure of, deed given in lieu of foreclosure of, or sale under the encumbrance, and no steps or procedures taken under the encumbrance, shall affect Tenant's rights under this Lease.

Subject to the foregoing, Tenant agrees to execute any

documents required to effectuate such subordination, and failing to do so within ten (10) days after Landlord's written request to Tenant therefore, does hereby irrevocably appoint Landlord as Tenant's attorney-in-fact in Tenant's name to do so.

19. Hypothecation of Leasehold Interest. Tenant is hereby given the right by Landlord in addition to any other rights herein granted, without Landlord's prior written consent, to mortgage its interest in this Lease, under one or more leasehold Mortgage(s) and assign its interest in this Lease, as collateral security for such Mortgage(s) to secure any bona fide loan upon the condition that all rights acquired under such leasehold Mortgage(s) shall be subject to each and all of the covenants, conditions and restrictions set forth in this Lease, and to all rights and interest of Landlord herein, none of which covenants, conditions or restrictions is or shall be deemed waived by Landlord by reason of the right given so to mortgage such interest in this Lease, except as expressly provided herein. If Tenant shall mortgage this leasehold, and if the holder(s) of such Mortgage(s) shall, within thirty (30) days of execution, send to Landlord a true copy thereof, together with written notice specifying the name and address of the Mortgagee(s) and the pertinent recording data with respect to such Mortgage(s), Landlord agrees that (effective upon receipt of such notice) so long as any such leasehold Mortgage(s) shall remain unsatisfied of record or until written notice of satisfaction is given by the holder(s) to Landlord, the following provisions shall apply:

(A) Except for the natural expiration of the term of this Lease, there shall be no cancellation, surrender or material modification of this Lease by joint action of Landlord and Tenant without the prior consent in writing of the leasehold Mortgagee(s);

(B) Landlord shall, upon serving Tenant with any

notice of default, simultaneously serve a copy of such notice upon the holder(s) of record of such leasehold Mortgage(s). The leasehold Mortgagee(s) shall thereupon have sixty (60) days, after service on it of such a notice, either to cure such default or breach, if the same can be cured by the payment of money, or if such default or breach is not so curable or cannot be remedied within said sixty (60) day period, if such holder, within said period, shall (1) commence in good faith to cure such default or breach if curable and thereafter diligently prosecute the same to completion; or (2) institute proceedings for the foreclosure of such mortgage and thereafter diligently prosecute the same to completion; provided such holder keeps and performs all of the covenants and conditions of this Lease herein provided to be kept and performed by Tenant, and capable of being performed by such holder, until such time as Tenant or such holder shall cure any defaults hereunder (if curable) or until the leasehold hereunder shall be either sold upon foreclosure pursuant to any such mortgage or shall be released from said mortgage or reconveyed thereunder.

The time periods set forth immediately above shall be extended for delays occasioned by the application of any law, rule, court order or court decree restraining or prohibiting such leasehold Mortgagee(s) from taking any such action. If such leasehold Mortgagee(s) undertakes to so cure any such default by Tenant in accordance with the terms and conditions set forth in this subparagraph (B), Landlord shall not terminate this Lease. If the leasehold Mortgagee(s) has fully complied with the foregoing provisions of this subparagraph (B) but all such defaults of Tenant have not been cured by the time that Tenant's interest under this Lease is sold by a judicial or nonjudicial foreclosure sale or by deed in lieu of foreclosure, the party who acquires such leasehold estate

and interest through such foreclosure sale or deed in lieu of foreclosure shall not be in default hereunder by reason of such uncured defaults, provided such party diligently prosecutes to completion the curing of all such defaults which are curable by such party.

(C) Notwithstanding anything contained herein to the contrary, if Landlord shall elect to terminate this Lease by reason of any default of Tenant, the leasehold Mortgagee(s) shall have the right to postpone and extend the specified date for termination of this Lease as fixed by Landlord in its notice of termination, for a period of six (6) months, provided that such leasehold Mortgagee(s) shall cure or cause to be cured any then existing money defaults and meanwhile pay the rent and comply with and perform all of the other terms, conditions and provisions of this Lease on Tenant's part to be complied with and performed, and capable of being performed by such holder, other than past nonmonetary defaults, and provided further that the leasehold Mortgagee(s) shall forthwith take steps to acquire or sell Tenant's interest in this Lease by foreclosure of the Mortgage(s) or otherwise and shall prosecute the same to completion with all due diligence. If at the end of said six (6) month period the leasehold Mortgagee(s) shall be actively engaged in steps to acquire or sell Tenant's interest herein, the time of said Mortgagee(s) to comply with the provisions of this paragraph (C) shall be extended for such period as shall be reasonably necessary to complete such steps with reasonable diligence and continuity not to exceed an additional six (6) months.

(D) Landlord agrees that the name of the leasehold Mortgagee(s) may be added to the "Loss Payable Endorsement" of any and all insurance policies required to be carried by Tenant hereunder on condition that the insurance proceeds are to be applied in the manner

specified in this Lease and that the leasehold Mortgagee(s) or collateral document shall so provide.

(E) Nothing contained herein shall require the leasehold Mortgagee(s) to cure any default of Tenant hereunder, but such failure to cure and proceed in accordance with this paragraph 19 shall leave Landlord free to terminate this Lease and to pursue all of its rights against Tenant.

(F) Any act required to be performed by Tenant pursuant to the terms of this Lease may be performed by any leasehold mortgagee on Tenant's behalf and the performance of such act shall be deemed to be performance by Tenant and shall be acceptable as Tenant's act by Landlord.

20. Compliance With Federal Requirements.^{1/}

(A) Tenant, for itself, its heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that in the event facilities are constructed, maintained, or otherwise operated on the said property described in this Lease for a

^{1/} Paragraphs (A) through (P) of section 20 have been inserted into this Nonsubordinated Ground Lease to comply with Federal Aviation Administration requirements. Depending on the type of agreement, certain paragraphs need not be inserted in the document. For more information, see letter to C. R. Rodriguez from Russel S. Hathaway, Manager, Safety & Standards Branch, Federal Aviation Administration, and accompanying Lease and Use Agreement Guide (in Lincoln Airport Ground Lease file).

purpose for which a Department of Transportation program or activity is extended or for another purpose involving the provision of similar services or benefits, Tenant shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, Department of

Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

(B) Tenant, for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that: (1) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subject to discrimination, (3) that Tenant shall use the premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

(C) That in the event of breach of any of the above nondiscrimination covenants, Landlord shall have the right to terminate the Lease and to reenter and repossess said land and the facilities thereon, and hold the same as if said Lease had never been made or issued. This provision does not become effective until the procedures of Title 49, Code of Federal Regulations, Part 21 are followed and completed including expiration of appeal rights.

(D) Tenant shall furnish its accommodations and/or services on a fair, equal and not unjustly

discriminatory basis to all users thereof and it shall charge fair, reasonable and not unjustly discriminatory prices for each unit or service; PROVIDED, THAT Tenant may be allowed to make reasonable and nondiscriminatory discounts, rebates or other similar type of price reductions to volume purchasers.

(E) Non-compliance with Provision (D) above shall constitute a material breach thereof and in the event of such non-compliance Landlord shall have the right to terminate this Lease and the estate hereby created without liability therefor or at the election of Landlord or the United States either or both said Governments shall have the right to judicially enforce Provisions.

(F) Tenant agrees that it shall insert : Provisions (A) through (E) in any lease agreement by which said Tenant grants a right or privilege to any person, firm or corporation to render accommodations and/or services to the public on the premises herein leased.

(G) Tenant assures that it will undertake an affirmative action program as required by Title 14, Code of Federal Regulations, Part 152, Subpart E. Tenant assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. Tenant assures that it will require that its covered suborganizations provide assurances to Tenant that they similarly will undertake affirmative action programs and that they will require assurances from their suborganizations, as required by Title 14, Code of Federal Regulations, Part 152, Subpart E, to the same effort.

(H) Landlord reserves the right to further develop or improve the landing area of the airport as it sees fit, regardless of the desires or view of Tenant and without interference or hindrance.

(I) Landlord reserves the right, but shall not

be obligated to Tenant to maintain and keep in repair the landing area of the airport and all publicly-owned facilities of the airport, together with the right to direct and control all activities of Tenant in this regard.

(J) This Lease shall be subordinate only to the provisions and requirements of any existing or future agreement between Landlord and the United States, relative to the development, operation or maintenance of the airport.

(K) There is hereby reserved to Landlord, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the premises herein leased. This public right of flight shall include the right to cause in said airspace any noise inherent in the operation of any aircraft used for navigation or flight through the said airspace or landing at, taking off from or operation on the Lincoln Municipal Airport.

(L) Tenant agrees to comply with the notification and review requirements covered in Part 77 of the Federal Aviation Regulations in the event future construction of a building is planned for the leased premises, or in the event of any planned modification or alteration of any present or future building or structure situated on the leased premises.

(M) Tenant, by accepting this Lease, expressly agrees for itself, its successors and assigns that it will not erect nor permit the erection of any structure or object, nor permit the growth of any tree on the land leased hereunder above the mean sea level elevation _____* feet. In the event the aforesaid covenants are breached, Lessor reserves the right to enter upon the land leased hereunder and to remove the offending structure or object and cut the offending tree, all of which shall be at the expense of Tenant.

(N) Tenant, by accepting this lease, agrees for

itself, its successors and assigns that it will not make use of the leased premises in any manner which might interfere with the landing and taking off of aircraft from Lincoln Municipal Airport or otherwise constitute a hazard. In the event the aforesaid covenant is breached, Lessor reserves the right to enter upon the premises hereby leased and cause the abatement of such interference at the expense of Tenant.

(O) It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308a of the Federal Aviation Act of 1958 (49 U.S.C. 1349a).

150 Feet MSL

*Insert the number of feet mean sea level applicable to the most critical area of the parcel contained in the lease in accordance with Part 77 of the Federal Aviation Regulations. If required, the area of a lease may be subdivided as shown on a property map to provide more than one height limitation, or more restrictive height limitations may be imposed at the discretion of the Sponsor.

(P) **This Lease and all the provisions hereof shall be subject to whatever right the United States Government now has or in the future may have or acquire, affecting the control, operation, regulation and taking over of said airport or the exclusive or non-exclusive use of the airport by the United States during the time of war or national emergency.

21. Miscellaneous.

(A) Attorneys' fees. In the event any action is brought by Landlord to recover any rent due and unpaid hereunder or to recover possession of the Leased Premises, or in the event any action is brought by Landlord or Tenant against the other to enforce or for the breach of any of the terms, covenants or conditions contained in this Lease,

the prevailing party shall be entitled to recover reasonable attorneys' fees to be fixed by the Court, together with costs of suit therein incurred.

(B) Waiver. No waiver of any breach of any of the terms, covenants, agreements, restrictions or conditions of this Lease shall be construed as a waiver of any succeeding breach of the same or other covenants, agreements, restrictions and conditions hereof. No delay or omission of Landlord to exercise any right or remedy shall be construed as a waiver of any such right or remedy or of any default by Tenant under this Lease. The various rights and remedies reserved to Landlord herein including those

**If the airport is not subject to the National Emergency Use Provision generally contained in Surplus Property Instruments of Disposal, paragraph 16 above may be modified to exclude that portion of the provision "or the exclusive or non-exclusive use of the airport by the United States during the time of war or national emergency."

not specifically described in this Lease shall be cumulative and, except as otherwise provided by California Statutory Law in force at the time of execution of this Lease, Landlord may pursue any or all of such rights and remedies whether at the same time or otherwise.

(C) Holding Over. If Tenant shall hold over the Leased Premises after the expiration of the term hereof with the consent of Landlord, either express or implied, such holding over shall be construed to be only a tenancy from month to month, subject to all the covenants, conditions and obligations hereof, and Tenant hereby agrees to pay to Landlord the same rental as provided in this Lease; provided, however, that nothing herein contained shall be construed to give Tenant any rights to so hold over and to continue in possession of the Leased Premises

after the expiration of the term hereof.

(D) Surrender at End of Term. Upon the end of the term of this Lease, as provided herein, or any extension thereof, or sooner termination of this Lease, Tenant shall surrender to Landlord all and singular the Leased Premises, together with all improvements as hereinabove provided, and all fixtures and equipment.

(E) Lease Binding Upon Successors and Assigns. Subject to the limitations on assignment and subleasing, each of the terms, covenants and conditions of this Lease shall extend to and be binding on and inure to the benefit of not only Landlord and Tenant, but each of their successors and assigns. Whenever in this Lease reference is made to either Landlord or Tenant, the reference shall be deemed to include, wherever applicable, the successors and assigns and such parties the same as if in every case expressed.

(F) Inspection. Landlord reserves the right for Landlord and Landlord's agents and representatives to enter upon the Leased Premises at any reasonable time for the purpose of attending to Landlord's interest hereunder, and to inspect the Leased Premises.

(G) Relationship of Parties. The relationship of the parties hereto is that of Landlord and Tenant, and it is expressly understood and agreed that Landlord does not in any way nor for any purpose become a partner of Tenant or a joint venturer with Tenant in the conduct of Tenant's business or otherwise.

(H) Time of the Essence. Time is expressly declared to be of the essence of this Lease.

(I) Memorandum of Lease. This Lease shall not be recorded, but the parties agree to execute and deliver a Memorandum of this Lease in recordable form which will include the restrictions on assignment provided in paragraph 11A hereof.

(J) Quitclaim. At the expiration or earlier termination of this Lease, Tenant shall execute, acknowledge and deliver to Landlord within five (5) days after written demand from Landlord to Tenant any quitclaim deed or other document required by any reputable title company to remove the cloud of this Lease from the real property subject to this Lease.

(K) Number and Gender. Whenever the singular number is used in this Lease and when required by the context, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders, and the word "person" shall include corporation, firm or association. If there is more than one Tenant, the obligations imposed under this Lease upon Tenant shall be joint and several.

(L) Headings and Titles. The marginal headings or titles to the paragraphs of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part of this Lease.

(M) Compliance with Governmental Regulations. Tenant shall, at its own cost and expense, promptly and properly, comply with and execute, including the making of any alteration to the Leased Premises, all orders, regulations, laws and requirements of all governmental authorities arising from the use or occupancy of, or applicable to, the Leased Premises. Tenant shall have the right to contest or review, by legal procedure or in such other manner as Tenant may deem suitable, at his own expense, any such order, regulation, law or requirement and, if able, may have the same cancelled or modified, provided that Landlord is not subject to a criminal prosecution and that Landlord's title to the Leased Premises is not subject to forfeiture, and Tenant hereby agrees to indemnify and hold Landlord harmless from and against any civil liability as a result of any such contest

or review. Any such proceedings shall be conducted promptly and shall include, if Tenant so decides, appropriate appeals. Whenever requirements become absolute after a contest, Tenant shall diligently comply with the same or so much thereof as shall have been judicially sustained.

(N) Entire Agreement. This Lease contains the entire agreement of the parties hereto with respect to the matters covered hereby, and no other previous agreement, statement or promise made by any party hereto which is not contained herein shall be binding or valid.

(O) Force Majeure. Except as to the payment of rent, neither of the parties hereto shall be chargeable with, liable for, or responsible to, the other for anything or in any amount for any delay caused by fire, earthquake, explosion, flood, hurricane, the elements, acts of God, or the public enemy, action or interference of governmental authorities or agents, war, invasion, insurrection, rebellion, riots, strikes, or lockouts or any other cause whether similar or dissimilar to the foregoing, which is beyond the control of such parties and any delay due to said causes or any of them shall not be deemed a breach of or default in the performances of this Lease.

(P) Disclaimer of Representation. Except as otherwise specifically provided herein, Landlord has made no representations or warranties to the Tenant concerning the Leased Premises, the present use thereof or the suitability for Tenant's intended use of the property. The foregoing disclaimer includes, without limitation, topography, climate, air, water, water rights, utilities, present and future zoning, soil, subsoil, drainage, access to public roads, proposed routes of roads, or extension thereof, or effect of any state or federal environmental protection laws or regulations. Tenant represents and warrants to Landlord that he and his representatives have

made or will make their own independent inspection and investigation of the Leased Premises and Tenant, in entering into this Lease, is relying solely on such inspection and investigation. No patent or latent physical condition of Leased Premises, whether or not known or discovered, shall affect the rights of either party hereto. Any agreement, warranties or representations not expressly contained herein shall in no way bind either Tenant or Landlord. Landlord and Tenant waive any right of rescission and all claims for damages by reason of any statement, representations, warranty, promise and agreement, if any, not contained in this Lease.

(Q) Quiet Enjoyment. This Lease is subject and junior to all existing easements, covenants, conditions and restrictions and other matters and encumbrances of record. As long as Tenant is not in default of any provision of the Lease, Tenant shall have quiet enjoyment of the Premises.

(R) Late Charge. If any installment of rent or other payment due from Tenant is not received by Landlord within ten (10) days of the date upon which it is due, Tenant shall pay to Landlord an additional charge of ten percent (10%) of the overdue payment as a late charge.

23. Payments and Notices. Any notice to be given or other document to be delivered by either party to the other party may be given by personal delivery or may be deposited in the United States mail in the State of California, duly registered or certified, with postage prepaid, and addressed to the party for whom intended as follows:

To Landlord: Lincoln Airport Authority
1404 Flightline Drive
Lincoln, CA 95648

To Tenant: Nunno Corporation, Ltd.
P.O. Box 368
Paso Robles, CA 93447

Either party hereto may from time to time by written

notice to the other party designate a different address which shall be substituted for the one specified above. If any notice or other document is sent by registered or certified mail, as provided above, the same shall be deemed served or delivered seventy-two (72) hours after the mailing thereof.

This Ground Lease has been executed on the date first set forth, to become effective as provided for in paragraph 3 hereof.

LANDLORD:

Nellis Stelani

Chairman, Board of Directors
Lincoln Airport Authority

-AND-

TENANT:

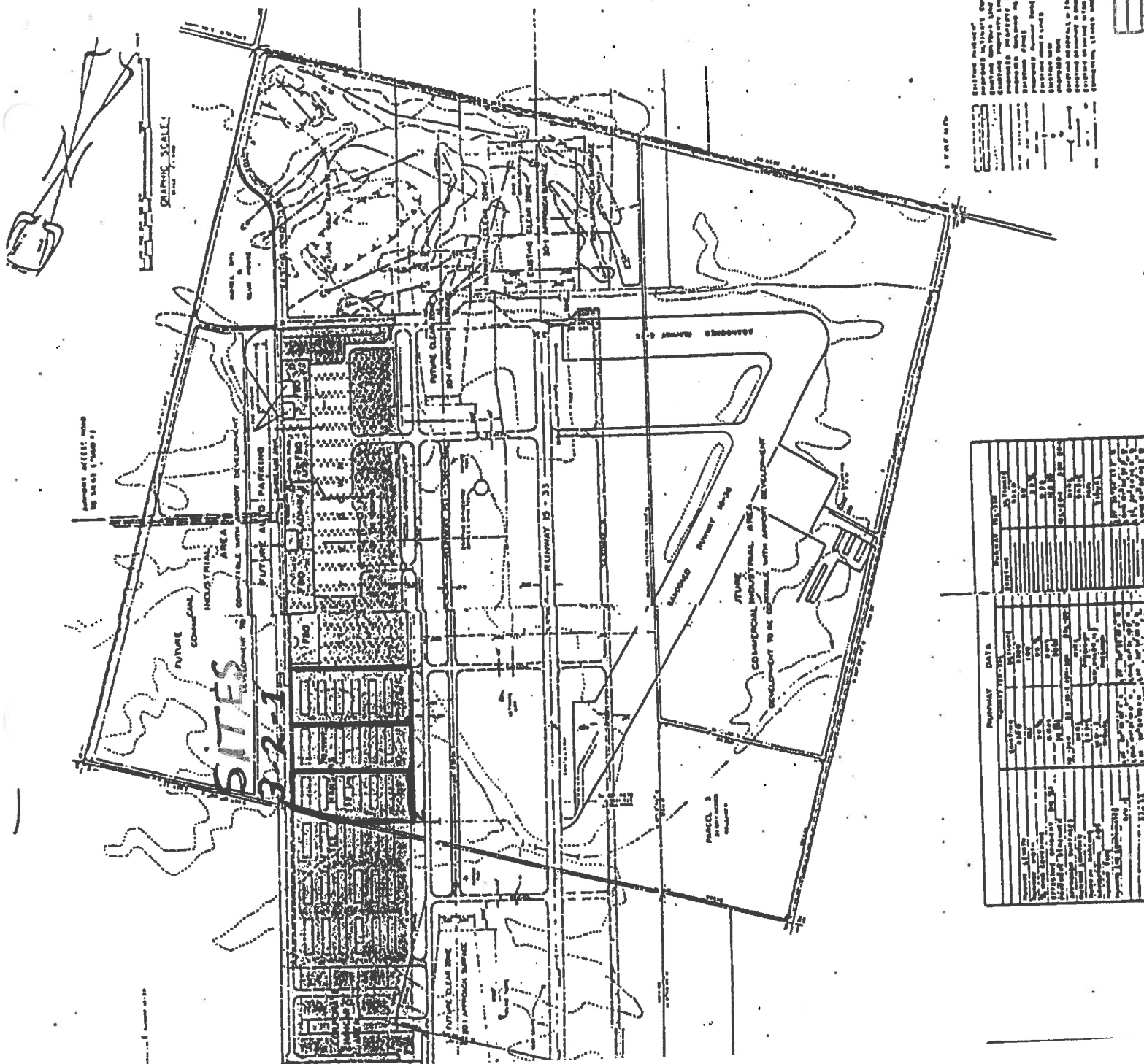
By

James J. Nunno
Nunno Corporation Ltd.

By _____

EXHIBIT LIST

- A - Property Description
- B - List of Westside Tenants



PROPERTY DATA		OWNER DATA	
Parcel No.	Area (Ac.)	Owner Name	Address
1	1.2	John Doe	123 Main St.
2	0.8	Jane Smith	456 Elm St.
3	2.5	ABC Corp.	789 Oak St.
4	1.5	XYZ Inc.	101 Pine St.
5	3.0	DEF LLC	202 Birch St.
6	0.5	GHI Partners	303 Cedar St.
7	1.8	JKL Ventures	404 Maple St.
8	0.3	MNO Holdings	505 Spruce St.
9	2.2	PQR Capital	606 Willow St.
10	1.0	STU Investments	707 Ash St.
11	0.7	VWX Group	808 Hickory St.
12	1.1	YZA Development	909 Sycamore St.
13	0.9	BCD Enterprises	1010 Walnut St.
14	1.3	EFG Industries	1111 Chestnut St.
15	0.6	HIJ Corporation	1212 Elm St.
16	2.0	KLM Partners	1313 Oak St.
17	0.4	NOP Ventures	1414 Pine St.
18	1.6	QRS Holdings	1515 Birch St.
19	0.2	TUV Capital	1616 Cedar St.
20	1.4	WXY Investments	1717 Maple St.
21	0.8	ZAB Group	1818 Spruce St.
22	1.7	ACD Development	1919 Willow St.
23	0.5	BEF Enterprises	2020 Ash St.
24	1.9	GHI Corporation	2121 Hickory St.
25	0.3	JKL Partners	2222 Sycamore St.
26	1.2	MNO Ventures	2323 Walnut St.
27	0.7	PQR Holdings	2424 Chestnut St.
28	1.5	STU Capital	2525 Elm St.
29	0.6	VWX Investments	2626 Oak St.
30	1.1	YZA Group	2727 Pine St.
31	0.9	BCD Holdings	2828 Birch St.
32	1.3	EFG Capital	2929 Cedar St.
33	0.4	HIJ Ventures	3030 Maple St.
34	1.6	KLM Holdings	3131 Spruce St.
35	0.2	NOP Investments	3232 Willow St.
36	1.4	QRS Group	3333 Ash St.
37	0.8	TUV Holdings	3434 Hickory St.
38	1.7	WXY Capital	3535 Sycamore St.
39	0.5	ZAB Investments	3636 Walnut St.
40	1.2	ACD Group	3737 Chestnut St.
41	0.3	BEF Holdings	3838 Elm St.
42	1.5	GHI Capital	3939 Oak St.
43	0.7	JKL Holdings	4040 Pine St.
44	1.8	MNO Group	4141 Birch St.
45	0.6	PQR Holdings	4242 Cedar St.
46	1.1	STU Capital	4343 Maple St.
47	0.9	VWX Holdings	4444 Spruce St.
48	1.3	YZA Capital	4545 Willow St.
49	0.4	BCD Holdings	4646 Ash St.
50	1.6	EFG Holdings	4747 Hickory St.
51	0.2	HIJ Holdings	4848 Sycamore St.
52	1.4	KLM Holdings	4949 Walnut St.
53	0.8	NOP Holdings	5050 Chestnut St.
54	1.7	QRS Holdings	5151 Elm St.
55	0.5	TUV Holdings	5252 Oak St.
56	1.2	WXY Holdings	5353 Pine St.
57	0.3	ZAB Holdings	5454 Birch St.
58	1.5	ACD Holdings	5555 Cedar St.
59	0.7	BEF Holdings	5656 Maple St.
60	1.1	GHI Holdings	5757 Spruce St.
61	0.9	JKL Holdings	5858 Willow St.
62	1.3	MNO Holdings	5959 Ash St.
63	0.4	PQR Holdings	6060 Hickory St.
64	1.6	STU Holdings	6161 Sycamore St.
65	0.2	VWX Holdings	6262 Walnut St.
66	1.4	YZA Holdings	6363 Chestnut St.
67	0.8	BCD Holdings	6464 Elm St.
68	1.7	EFG Holdings	6565 Oak St.
69	0.5	HIJ Holdings	6666 Pine St.
70	1.2	KLM Holdings	6767 Birch St.
71	0.3	NOP Holdings	6868 Cedar St.
72	1.5	QRS Holdings	6969 Maple St.
73	0.7	TUV Holdings	7070 Spruce St.
74	1.1	WXY Holdings	7171 Willow St.
75	0.9	ZAB Holdings	7272 Ash St.
76	1.3	ACD Holdings	7373 Hickory St.
77	0.4	BEF Holdings	7474 Sycamore St.
78	1.6	GHI Holdings	7575 Walnut St.
79	0.2	JKL Holdings	7676 Chestnut St.
80	1.4	MNO Holdings	7777 Elm St.
81	0.8	PQR Holdings	7878 Oak St.
82	1.7	STU Holdings	7979 Pine St.
83	0.5	VWX Holdings	8080 Birch St.
84	1.2	YZA Holdings	8181 Cedar St.
85	0.3	BCD Holdings	8282 Maple St.
86	1.5	EFG Holdings	8383 Spruce St.
87	0.7	HIJ Holdings	8484 Willow St.
88	1.1	KLM Holdings	8585 Ash St.
89	0.9	NOP Holdings	8686 Hickory St.
90	1.3	QRS Holdings	8787 Sycamore St.
91	0.4	TUV Holdings	8888 Walnut St.
92	1.6	WXY Holdings	8989 Chestnut St.
93	0.2	ZAB Holdings	9090 Elm St.
94	1.4	ACD Holdings	9191 Oak St.
95	0.8	BEF Holdings	9292 Pine St.
96	1.7	GHI Holdings	9393 Birch St.
97	0.5	JKL Holdings	9494 Cedar St.
98	1.2	MNO Holdings	9595 Maple St.
99	0.3	PQR Holdings	9696 Spruce St.
100	1.5	STU Holdings	9797 Willow St.

**** Tx Result ****

No.	001
Name	18052380648
Mode	Normal
Start Time	08/11 02:07pm
Time	0'33"
Page	1
Department	
Result	* O K
Note	



Nunno

Lincoln Regional Airport

Dave Daly,
Airport Manager
1480 Flightline Drive
Lincoln CA 95648
916-645-3443
Fax: 916-543-0208

Mrs. Cindy Lewis, Lease Administrator
Nunno Corporation, Ltd.
3461 Dry Creek Road
Paso Robles, CA 93446

August 11, 2006

Re. Lease Extension

Dear Mrs. Lewis:

The City of Lincoln has reviewed the Nonsubordinated Ground Lease Dated December 15, 1986, between the City of Lincoln and Nunno Corporation, Ltd., and has generally inspected the subject lease hold area. Nunno Corporation has been the lease holder since 1986, and is requesting a 10 year extension to the lease term as provided for by the lease.

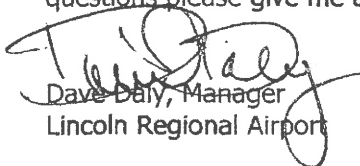
Nunno Corp. is found to be in compliance with its obligations and responsibilities as required by the subject lease; however, there is one area of concern as discussed further below. *Please be advised; however, that the subject Nonsubordinated Ground Lease dated December 15, 1986, between the City of Lincoln and Nunno Corporation, Ltd., is hereby extended for a 10 year term, said lease thereby expiring on December 15, 2016.*

The City would like to express its concern over the appearance of the exterior of Nunno Corp. owned hangars located respectively on the west end and east end of the lease hold area. We request that Nunno Corp. inspect and review the condition of the exterior of these hangars for the purpose of maintaining and improving their attractiveness.

We understand that commercial grade exterior paints commonly used on commercial buildings may not adhere to certain types of treated or coated steel for a reasonably long period of time, and that the subject hangars may be constructed with such steel. We also understand that certain grades of paint that would adhere to such treated and coated steel may be economically infeasible and cost prohibitive. We request; however, that economically feasible options for painting the hangars be explored by Nunno Corp., and that if available, and if practical with respect to the life of the paint, that the exterior of the hangar buildings be painted accordingly. Based on our discussion earlier today there appears to be a willingness by Nunno Corp. to explore these options with the City of Lincoln and implement this request to the extent to which it is economically reasonable, and practical.

We have tentatively scheduled a meeting with Nunno Corp. for the morning of Friday, August 31, 2006, to inspect the site and discuss the painting options available. Nunno Corp. is on my calendar at 9:00 A.M.

Thank you again for your patience with confirming the extension of the lease and if there are any questions please give me a call.


Dave Daly, Manager
Lincoln Regional Airport

c. John E. Pedri, City Engineer, Director of Public Works



P.O. Box 368, Paso Robles, CA 93447
3461 Dry Creek Road, Paso Robles, CA 93446
(805) 238-6801 (800) 798-6831 FAX (805) 238-0648

March 27, 2006

Dave Daily
Airport Manager
Lincoln Airport Authority
1404 Flightline Dr.
Lincoln Ca. 95648

Per the Terms and Conditions of the Nonsubordinated Ground Lease Agreement Dated December 15, 1986 between The Lincoln Airport Authority and Nunno Corporation Ltd. As stated in Section 3 Term, Nunno Corporation as Lessee has the option to renew our lease for an additional 10 years under the same terms and conditions.

Please consider this Nunno Corporation Ltd. written notice of our intent to exercise our option to renew our lease for the additional 10 years. Please confirm this extension in writing.

Sincerely,

Cindy Lewis
Lease Administrator

CC: Jerry Johnson, City Manager



P.O. Box 368, Paso Robles, CA 93447
3461 Dry Creek Road, Paso Robles, CA 93446
(805) 238-6801 (800) 798-6831 FAX (805) 238-0648
RECEIVED

APR 14 2006
CITY OF LINCOLN

March 27, 2006

Dave Daily
Lincoln Airport Authority
1404 Flightline Dr
Lincoln Ca. 95648

Re: Lincoln lease site

Dear Mr. Daily:

It was a pleasure talking to you March 9, 2006 regarding our lease site at the Lincoln airport. There were several issues I thought required clarification. The first and foremost is the option to extend our lease. Per the term and conditions of our lease as stated on page two of the executed lease agreement. Lessee will have the option to renew the lease agreement for an additional 10-years under the same terms and conditions. In 2000 I had your Director of Public Works, John Pedri, who was at the time acting airport manger confirm this 10-year option. Attached please find our letter of intent to extend the lease agreement.

Secondly, in regards to the maintenance of our hangars. Currently we have one request for service on a door that jams, and the request is being serviced. I will concede that the larger hangars with the 16' door systems are at times difficult to operate. However, we have had our repair crew up on an annual basis to do repairs and provide maintenance. In 2003 all the track in the buildings was replaced. In case of an emergency repair, we used R&S door in Lincoln and they are normally at the airport within the day.

With regard to the privately owned Port-a-Port hangars, these hangar owners simply sub lease ground from us as per our agreement with the City of Lincoln. We are not nor have we ever been affiliated with Port a Port. We do not service or sell Port-a-Port parts nor do we have any obligation to do so under the terms and conditions of our lease with you.



City Manager's Office

Matthew Brower
City Manager
916-434-2449

matthew.brower@lincolncalifornia.gov

Memorandum

TO: Honorable Mayor Short and City Council Members
FROM: Jim Bermudez, Development Services Manager
DATE: November 1, 2016
SUBJECT: Proposed Biannual Zoning Ordinance Amendments

In February, the Council requested that staff return in the last quarter of the year with proposed Zoning Code amendments. This first biannual review of amendments spans a variety of topics. There are 25 zoning ordinance amendments being considered at this time and it is possible some provisions will require further research and/or alternative code language (see attached).

Given the extent of the proposed zoning amendments, staff would like to focus on two code amendments that are time sensitive in nature, and require Council feedback and direction to be scheduled for public hearings this calendar year. The remainder of the code amendments will be scheduled for a future workshop type meeting.

Alcohol Sales

The City requires a Conditional Use Permit (CUP) for beer/wine alcohol sales regardless of the scale/volume of the product. Should a food manufacture require a Type 20 license (similar to those assigned to a convenience market) the City requires the processing of a CUP. The City has two CUP fee categories: Initial use permit and a use permit renewal. The cost for a CUP initial is \$1,605 and renewal is \$300.

On occasion, there are instances which a business' intent is to incorporate alcohol within product or have minor sales of product. In this instance, the minor sales would require a CUP at a cost of \$1,605. Staff is seeking Council review and guidance to amend the ordinance that would permit minor sales of alcohol without requiring a CUP. The following provision provides two examples of how to achieve this objective. Staff is seeking concurrence and direction from Council.

18.60 Alcohol Sales (CURRENT LANGUAGE)

(d) All applications involving a license for the sale or consumption of alcoholic beverages that require the issuance of a PCN determination shall also be required to file

application for and obtain approval of a conditional use permit in accordance with the procedures set forth in Chapter 18.56 of this code

PROPOSED ADDITION:

(e) Sale of alcohol for commercial businesses where the sale of alcohol is not considered its primary use and the product is less than 3% of floor area is permitted and not subject to a conditional use permit.

OR

(e) Incidental or secondary use – revenue from the sale of alcohol that is equal to or less than 10% of the establishments' total gross revenue. Records of gross receipts shall be provided to the City upon request.

The amended provision would provide flexibility to those businesses which utilize alcohol as either a specialty type sales or within the manufacturing process for sale product.

Outdoor Storage

Over the past year the City has experienced an increase of product being stored outdoors within property of local businesses. The current zoning provision requires a conditional use permit for outdoor storage and sales. In an effort to address the current trend staff is proposing to define tighten up the provision by identifying specific uses to avoid ambiguity and provide a means to enforce illegal outdoor storage activity.

Section 18.22.030 Commercial Conditional Uses (CURRENT LANGUAGE)

13. Outdoor storage and sales.

PROPOSED ADDITION

13. Outdoor storage and sales (including propane tanks, DVD/game rental kiosks, vending machines, tires.)

The proposed provision would curtail the placement of outdoor structures that often become an eye sore and aesthetic impact to the community.

Attachment

CHAPTER/SECTION	PROPOSED ZONING ORDINANCE AMENDMENTS		BACKGROUND
Definitions - New Chapter	Current Provision	Proposed Amendment	Background
	This chapter does not exist.	Develop a definitions section of the Zoning Ordinance	There is currently no definitions section in the Zoning Ordinance. Establishing definitions would better assist with making zoning interpretations and avoid ambiguous code language which assists the public
Chapter 18.04 - Interpretation	Current Provision	Proposed Amendment	Background
	Jurisdiction of planning commission—Administrative advice. The planning commission shall decide any question involving the interpretation or application of any provision of this title, subject to appeal of such decision to the city council. The planning commission shall seek the advice of the city attorney and may seek the advice of any city department or officer before deciding on any question of interpretation.	ADDITION: Authority for Interpretations. The Community Development Director (CDD) shall have the authority to issue administrative interpretations of the provisions of this Title to resolve ambiguities. A. Record of Interpretations. B. Whenever the CDD determines that the applicability or meaning of any of the standards of this Title are ambiguous, the CDD may issue an official interpretation. Official interpretations shall be in writing, and shall cite the provisions being interpreted, together with an explanation of their meaning or applicability in the particular or general circumstances that caused the need for interpretation. Any provision of this Title that is determined by the CDD to be ambiguous shall be clarified by amendment as soon as is practical. The CDD shall maintain a complete record of all official interpretations available for public review, indexed by the section number of this Title that is the subject of the interpretation. C. Appeal - Interpretation by the CDD may be appealed to the Planning Commission pursuant to Section 18.94.	This revision would allow interpretations to be made by the Community Development Director or designee.
Section 18.06.020 Open-Space districts established	Current Provision	Proposed Amendment	Background
	The City council creates, as part of this title, this open-space zoning section. It is the express intent of the city council in so doing to comply with the requirements of Article 4, Chapter 4, Title 7 of the Government Code of California (Sections 65910 through 65912) added by Chapter 1590 of the 1970 Statutes. The following chapters and districts are designated the open-space districts for the city: A. Chapter 18.18, R-E residential estate district; B. Chapter 18.30, O-S open space district; C. Chapter 18.32, PD planned development district. The planned development district shall be construed to be an open-space district if it is combined with either one, or both, of the districts specified in subsections A and B of this section.	Delete current Section	The establishment of the open space district is established in Section 18.06.020 - Zoning Districts. The government code cited required the establishment of open space areas. Deletion of this provision does not compromise the intent of the law.

Section 18.12.010 Permitted Uses – R-1	Current Provision	Proposed Amendment	Background
	There is no current provision [for modular homes].	E. Modular Homes in accordance with Government Code Section 65852.3.	Add modular homes to permitted uses within the R-1 (Single-Family) district. All development standards would apply.
Section 18.12.080 Development standards for conditional uses	Current Provision	Proposed Amendment	Background
	Development standards for conditional uses in the R-1 district, are as follows: A. Minimum lot areas: ten thousand square feet; B. Minimum lot width: one hundred feet; C. Minimum front-yard depth: twenty-five feet; D. Minimum rear-yard depth: twenty feet; Maximum height of building or structure: forty-five feet	REVISION: Development standards for conditional uses in the R-1 district, with the exception of Home Occupations as noted under Section <u>18.62.020(2)</u> , are as follows: A. Minimum lot areas: ten thousand square feet; B. Minimum lot width: one hundred feet; C. Minimum front-yard depth: twenty-five feet; D. Minimum rear-yard depth: twenty feet; E. Maximum height of building or structure: forty-five feet	The City requires additional standards when approving conditional use permits in the R-1 district. The Home Occupation provisions require a conditional use permit in certain conditions, application of the permit would require the residence to meet the development standards. The proposed amended language would allow deviation for home occupation use permits.
18.20.010 Permitted uses 18.20.020 Conditional uses 18.22.010 Permitted uses 18.22.020 Uses permitted within a building	Current Provision	Proposed Amendment	Background
	(6) Other uses which, in the opinion of the planning commission, are of a similar nature. (10) Other uses of a similar nature. (6) Other uses which the planning commission has determined are of the same general character as those listed in this section and will not be obnoxious to abutting properties or detrimental to the area in which located. (29) Other uses which the planning commission has determined are of the same general character as those listed in this section and will not be obnoxious to abutting properties or detrimental to the area in which located.	Delete all language associated with other uses that are similar in nature and of the opinion of the Planning Commission to be compatible with abutting properties.	All zoning districts include language regarding permitted and conditional uses. The uses are typically consistent and compatible with the zoning of the property. The proposed amendment is seeking to remove the ability for uses that may be seen as compatible with the surrounding property to be permitted as the permitted and conditional uses would be the controlling standard. For example, such change would avoid conditions that automobile type uses be adjacent to retail commercial businesses.
Section 18.22.020 Commercial Uses Permitted Within a Building	Current Provision	Proposed Amendment	Background
	5. Beauty shop 26. Theater; until January 1, 2018, theaters may only locate within a C district that lies within the boundaries of the Theater Area.	REVISION: 5. <u>Salon</u> -Beauty shop 26. Theater; until January 1, 2018, theaters may only locate within a C district that lies within the boundaries of the Theater Area. <u>30. Kennel per LMC 6.28.010.</u>	Replace beauty shop with salon. The Theater Area represents the area bound by Lincoln Boulevard and Ferrari Ranch Road which has long been thought as ideal theater location. With development activity such as Twelve Bridges picking up, a viable Lincoln 270 site, and future Village 5 and SUD-B approvals in 2017, the elimination of this provision may be worth considering. Add kennels as a permitted use.

Section 18.22.030 Commercial Conditional Uses	Current Provision	Proposed Amendment	Background
	3. Automobile agencies (sales and service) 5. Automobile repair shop 13. Outdoor storage and sales. 21. All uses involving the sale or consumption of alcoholic beverages. 23. Pawnshops 24. Tattoo parlors and/or body piercing establishments (subject to a minimum separation of 400 feet from all residential uses, churches and schools)	REVISIONS / ADDITIONS: 3. <u>Vehicle sales and service</u> Automobile agencies (sales and service) 5. Automobile repair shop 13. Outdoor storage and sales (<u>including propane tanks, DVD/game rental kiosks, vending machines, etc.</u>) 21. All uses involving the sale or consumption of alcoholic beverages. <u>If outdoor service of alcohol is proposed, the service area shall be encompassed by a 4-foot tall barrier with no access to a public area.</u> 23. Pawnshops (<u>per LMC 18.22.100</u>) 24. Tattoo parlors and/or body piercing establishments (subject to a minimum separation of 400 feet from all residential uses, churches and schools) 27. <u>Recycling and redemption facilities per Chapter 18.35.</u> <u>27. Churches/places of worship</u>	This amendment would allow all vehicles to be serviced, but would not allow for heavy vehicle repairs (such as engine replacement/overhaul, transmission repair). This would curtail the placement of outdoor structures that often become an eye sore and aesthetic impact to the community. The additional language would be consistent with Alcohol and Beverage Control requirements. The City has clear standards for pawnshops. The added language would direct the applicant to City standards. Tattoo parlors are becoming commonplace and the City is often asked if the use is permitted within the downtown. Based on the current standards, tattoo parlors are unable to locate within the City due to the distance conflict with residential, churches and schools. An amendment adding recycling and redemption facilities to the list of uses, requiring a conditional use permit. Churches and places of worship are not listed as a permitted or conditionally permitted use within the commercial district. The amendment would identify these uses and make them a conditionally permitted use.
Chapter 18.24 H-C Highway Commercial District	Current Provision	Proposed Amendment	Background
	Chapter 18.24 (Highway Commercial District)	Repeal entire Chapter 18.24 (Highway Commercial District)	The City’s Zoning Ordinance includes a Highway Commercial district. There is no recognition of a highway service commercial area within the General Plan Land Use Diagram and Zoning Map. The listed uses identified will be carried over to the Commercial zone. Future Highway Service Commercial will be captured in subsequent specific plans approved for each Village.

Section 18.32.130 Development permit hearing – Planning Commission	Current Provision A public hearing on the development permit for residential development shall be held by the Planning Commission after a completed application has been received and shall be noticed in the same manner as would be done for a rezone. After the close of the public hearing, the planning commission shall recommend approval, approval with conditions or disapproval of the development permit. The planning commission shall not recommend approval unless it finds that the proposed development is consistent with the general development plan. In the case of a development permit for industrial or commercial development the planning commission shall review the permit without requiring a noticed public hearing. At the close if its review the planning commission may take action to approve, approve with conditions or deny the permit. The planning commission shall not approve the permit unless it finds the proposed development consistent with the general development plan. No action by the city council shall be required for development permits involving industrial or commercial development.	Proposed Amendment REVISION: A public hearing on the development permit for residential development shall be held by the Planning Commission after a completed application has been received and shall be noticed in the same manner as would be done for a rezone. After the close of the public hearing, the planning commission shall recommend approval, approval with conditions or disapproval of the development permit. The planning commission shall not recommend approval unless it finds that the proposed development is consistent with the general development plan. In the case of a development permit for industrial or commercial development the planning commission shall review the permit without requiring a noticed public hearing. At the close if its review the planning commission may take action to approve, approve with conditions or deny the permit. The planning commission shall not approve the permit unless it finds the proposed development consistent with the general development plan. No action by the city council shall be required for development permits involving industrial or commercial development.	Background Public notices are vital to inform and engage the community on projects that could affect a neighborhood. The Specific Development Plan and Permit process allows waiving the public notice requirements for commercial and industrial projects. The amended provision would ensure public notices are required for all development.
Section 18.32.140 Development Permit hearing – City Council – approval or disapproval	Current Provision Except as provided for in Section 18.32.130, a public hearing to consider the planning commission recommendation and the development permit shall be held by the city council and shall be noticed in the same manner as would be done for a rezone. After the close of the public hearing, the city council shall approve, approve with conditions, or disapprove the development permit. A development permit shall not be approved unless the city council finds that the proposed development is consistent with the general development plan.	Proposed Amendment Delete current Section	Background Under the current process, Specific Development Plan/Permit requires Council review and approval. The elimination of the Section would continue to allow for discretionary review by the Planning Commission as the Commission would be the approving authority since they review these types of projects, and in most cases the Council review is tied to a subdivision map. This process would allow more expedited review and meet organizational efficiency.
18.35.020 Permits required 18.35.030 Permits for multiple sites 18.35.040 Criteria and standards for administrative permits 18.35.040 Criteria and standards 18.35.050 Permit Renewal	Current Provision No person shall permit the placement, construction, or operation of any recycling facility without first obtaining a permit pursuant to the provisions set forth in this section. The operation of a reverse vending machine and small collection facility as defined by this chapter shall require the issuance of an administrative permit in accordance with the standards and criteria set forth in Section 18.35.040.	Proposed Amendment REVISION: No person shall permit the placement, construction, or operation of any recycling facility without first obtaining a <u>conditional use</u> permit pursuant to the provisions set forth in this section <u>and Chapter 18.56</u> . The operation of a reverse vending machine and small collection facility as defined by this chapter shall require the issuance of an administrative permit in accordance with the standards and criteria set forth in Section 18.35.040.	Background The amendment would tighten all development standards for recycling facilities, which includes a requirement a recycling facility would require approval of a conditional use permit

18.36.030 Mobile homes, boats, trailers, and recreational vehicles	Current Provision Mobile homes, trailer coaches.....or compatible single-family lot as determined by Chapter 18.60, shall comply... (1) The vehicle, trailer or boat shall not be maintained in any required front yard or side street yard. The vehicle or boat shall be located behind a six-foot-high tall wall, fence or adequate landscaped screen within the side or rear yard.	Proposed Amendment REVISION: Mobile homes, trailer coaches.....or compatible single-family lot as determined by Chapter 18.60 , shall comply... The vehicle, trailer or boat shall not be maintained in any required front yard or side street yard. The vehicle or boat shall be located behind a six-foot-high tall wall, fence, or adequate landscaped screen within the side or rear yard. <u>Adequate landscaping shall be determined by the Community Development Director or designee.</u>	Background The reference to Chapter 18.60 is incorrect. Chapter 18.60 is alcohol standards. Adequate landscaping is not defined in the current provision. The amendment will allow for director or designee to determine acceptable landscaping. Typical landscaping is larger canopy trees/shrubs.
18.37.030 Requirements for a second dwelling unit.	Current Provision (4) The utility services for the proposed second dwelling unit must be-serviced through the existing single-family dwelling service.	Proposed Amendment REVISION: (4) Separate The utility services for the proposed second dwelling unit must be serviced through the existing single-family dwelling service. <u>connected and paid for prior to issuance of a building permit.</u> A separate electrical service is also required.	Background ALTERNATIVE: Other provisions for second dwelling unit utility services may be appropriate, based on Council discussion and direction.
18.36.040 Fences, hedges and walls	Current Provision (2) Fences or structures exceeding six feet in height, for the purpose of enclosing commercial or industrial uses, or tennis courts and similar uses, when located on the rear half of a lot, may be erected subject to the obtaining of a conditional use permit as provided in Chapter 18.56. Fences around electric substations or other public facilities may exceed six feet in height without securing a conditional use permit.	Proposed Amendment REVISION: (2) <u>Fences in residential zones shall be no higher than six feet in height.</u> Fences or structures exceeding six feet in height, for the purpose of enclosing commercial or industrial uses, or tennis courts and similar uses, when located on the rear half of a lot, may be erected subject to the obtaining of a conditional use permit as provided in Chapter 18.56 subject to approval of the Community Development Director or designee. Fences around electric substations or other public facilities may exceed six feet in height without securing a conditional use permit.	Background The amendment would allow for commercial and industrial fencing to exceed six feet in height in situations where security and safety elements are needed to protect property without requiring a Conditional Use Permit.
18.44.030 Residential Uses	Current Provision Off-street parking spaces shall not be located in the required front-yard, side-yard, or rear-yard setback areas in residential districts, including R-1, R-2 and R-3 districts. Off-street parking shall be provided in the following manner: Provision includes 1-6 conditions.	Proposed Amendment REVISION: (7) <u>Additional parking spaces are not allowed in the front yard area as defined as the area between the face of the residence and the street.</u>	Background The amendment would add a seventh condition which would not permit conversion of areas to be improved or paved between the areas between the face of residence to sidewalk. This provision provides areas that front a garage to be improved.

18.44.200 Off-site facilities – In-lieu fee	Current Provision	Proposed Amendment	Background
	In any case where it is not physically possible to provide required parking on the property being developed, and when approved by the planning commission, the parking requirements may be satisfied by either or a combination of both of the following: (1)Provide the required parking on nearby property. Any plan submitted shall include a description of the alternative parking and a determination of the length of time such parking will be available for use; (2)Submit a cash payment in lieu of the required parking space. Such fee shall be equal to the cost of purchasing and developing the number of parking spaces required but not provided by the applicant. The city council shall set this fee by resolution. The council shall consider the cost of the newest public parking lot and any increases in such cost since construction in determining this fee.	REVISION: In any case where it is not physically possible to provide required parking on the property <u>within the Central Business District being developed</u> , and when approved by the planning commission, the parking requirements may be satisfied by either or combination of both of the following:	The current provision allows for a condition that when parking is not physically possible on the property that an offsite and/or submission of cash payment via in lieu fee. The proposed amendment would allow such condition within only the Central Business District.
18.44.260 Compact spaces	Current Provision	Proposed Amendment	Background
	There is no current provision.	The dimensions of a compact parking space shall be 8-feet wide by 16-feet deep.	This amendment would create a development standard.
18.44.270 NEV/Golf Cart spaces	Current Provision	Proposed Amendment	Background
	There is no current provision.	The dimensions of an NEV/golf cart parking space shall be 7-feet wide by 15-feet deep.	This amendment would create a development standard.
18.62.060 Home occupation clearance, conditions, and limitations	Current Provision	Proposed Amendment	Background
	m. Home occupation(s) will have limited business hours of 7:00 a.m. to 6 p.m. only.	Delete current Section	The home occupation does not permit customer contact. The provision is misleading and often results in further discussion and confusion if daily visits can occur at residences. Removing this provision would avoid such discussions if customer contact is permitted.
18.63.040 Temporary Buildings in Industrial Areas – Applications	Current Provision	Proposed Amendment	Background
	Applications for a temporary building shall be made in writing by the property or his agent to the planning commission on a form to be prescribed by the planning commission. The application shall include the following data: (1) A map drawn to scale, showing the proposed temporary building along with the existing permanent/buildings, the property and the location of the building (s) on the property and the property lines for property 400 feet of the exterior boundary lines of the subject property. (2) The names and mailing addresses of the owners of the property shown on the map: (3) The proposed use of the temporary building; and such other information as the planning commission may require.	REVISION: Applications for a temporary building shall be made in writing by the property or his agent to the planning commission <u>Community Development Department on a form to be prescribed by the planning commission.</u> via Administrative Design Review. The application shall include the following data: (1) A map drawn to scale by a licensed engineer or architect, showing the proposed temporary building along with the existing permanent on-site structures/buildings. ,the property and the location of the building(s) on the property and the property lines for property within 400 feet of the exterior boundary lines of the subject property. (2) The names and mailing addresses of the owners of the property shown on the map: (3)The proposed use of the temporary building; and such other information as the <u>Community Development Department</u> planning commission may require.	The City permits temporary buildings within the Industrial District which includes several design and development standards that are reviewed by staff. The current provision requires Planning Commission review and approval. The proposed amendment would eliminate Commission review and delegate the review to Administrative Design Review, which is a staff level review.

18.94.050 Appeal to City Council	Current Provision Any person who is not satisfied with an action of the planning commission may, within ten days, appeal in writing to the city council. The city council shall hear the matter de novo and may make any order it deems just and equitable, including the granting of any variance or conditional use permit. Any hearing before the city council may be continued from time to time. An appeal, once decided by the city council, shall not be reconsidered.	Proposed Amendment REVISION: Any person who is not satisfied with an action of the planning commission may, within ten days, appeal in writing to the city council. <u>The appeal is limited to those issues raised at the Planning Commission meeting. Pursuant to applicable laws and regulations, including without limitation, California Government Code Section 65009 and/or California Public Resources Code Section 21177, if you wish to challenge in court any of the above decisions (including any action regarding planning, zoning and/or environmental decisions), you may be limited to raising only those issues you or someone else raised at the public hearing(s) described in this notice/agenda, or in written correspondence delivered to the City at, or prior to, the public hearing.</u> The city council shall hear the matter de novo.	Background The provision is being revised to ensure that those seeking an appeal would focus the appeal on the matters heard at the Planning Commission meeting.
18.60 Alcohol Sales	Current Provision (d) All applications involving a license for the sale or consumption of alcoholic beverages that require the issuance of a PCN determination shall also be required to file application for and obtain approval of a conditional use permit in accordance with the procedures set forth in Chapter 18.56 of this code.	Proposed Amendment ADDITION: (e) Sale of alcohol for commercial businesses where the sale of alcohol is not considered its primary use and the product is less than 3% of sales area is permitted and not subject to a conditional use permit. OR (e) Incidental or secondary use – revenue from the sale of alcohol that is equal to or less than 10% of the establishments’ total gross revenue. Records of gross receipts shall be provided to the City upon request.	Background The amended provision would provide flexibility to those businesses which utilize alcohol as either a specialty type sales or within the manufacturing process of a for sale product.